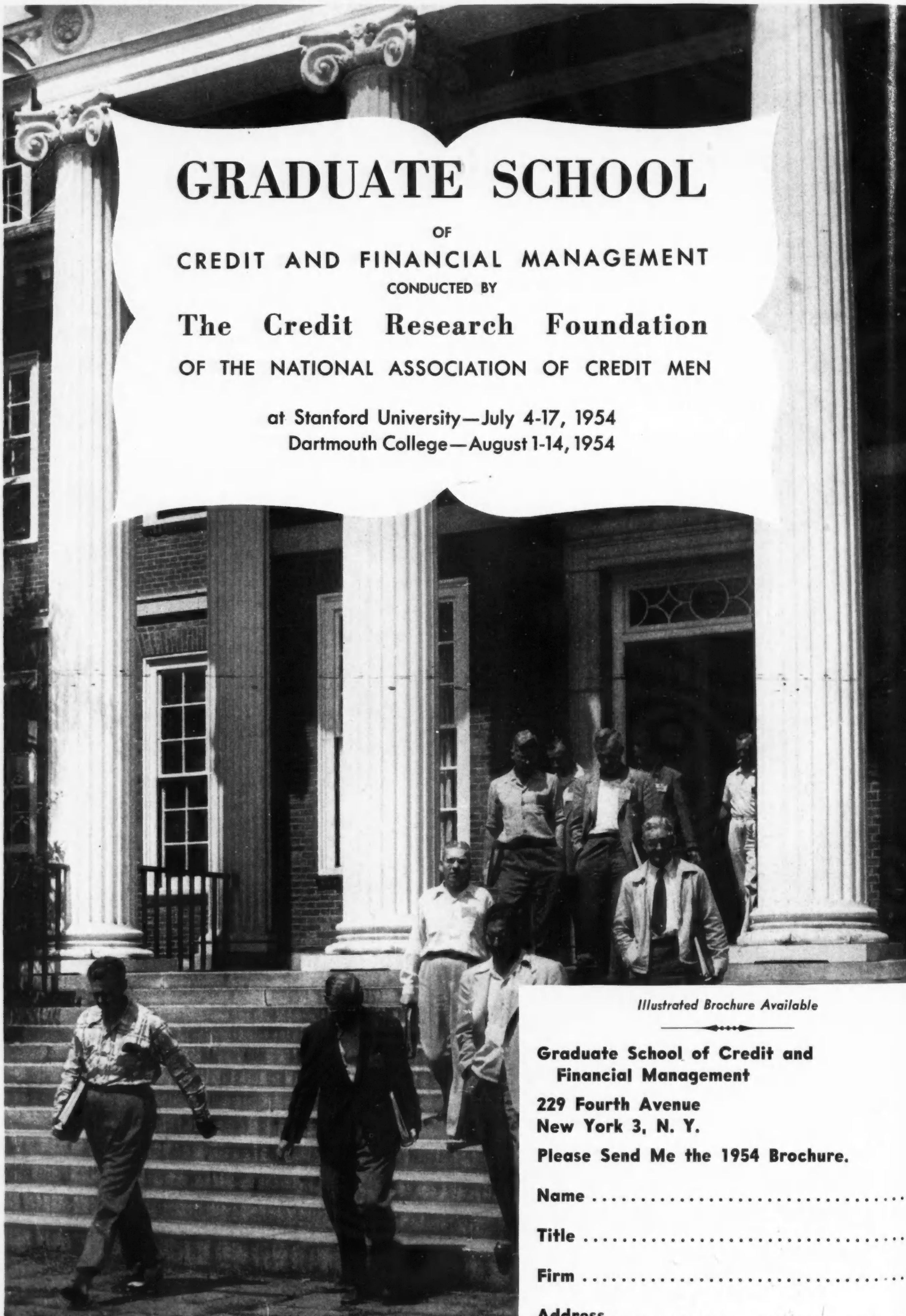
CREDIT and

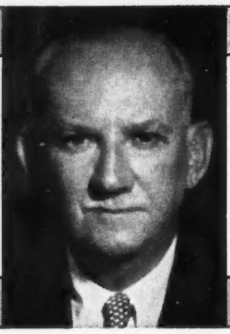
FINANCIAL MANAGEMENT

DEVOTED TO INDUSTRY ★ FINANCE ★ COMMERCE

March



Editorial



Protected Tax Evaders

SOME twenty-five thousand government employees in Washington are not paying their federal income taxes, says a press dispatch, attributing the statement to Senator John Williams. This in itself is a disgraceful situation. But it is even more appalling when you consider the difficulties of collecting these accounts under existing laws.

You can or should be able to dismiss a man from government service for not paying his income tax. However, the civil service rules and regulations are so protective that it is not easy to dismiss even the tax dodgers. People with experience in Washington can amply testify to the fact that, while it is not so difficult to hire a government employee, in some cases it is almost an impossibility to fire one.

One fact that is brought to focus and attention is the legal protection that is afforded a government employee. You cannot garnishee a government employee's wages. In the earlier years of our government there may have been a good reason for this. It is questionable whether there is today. Why should the growing army of government employees escape the effect of due process of law for an indebtedness they will not discharge? Why shelter unwilling or dishonest debtors?

It is to be hoped that the number of tax dodgers now on our government payroll has been tremendously over-estimated. A good department manager in government service will use every means at his command to get a government employee to discharge his just obligations. He can put the heat on and it can be very effective in getting the worker to pay his honest bills. But why should all of this be necessary? Why should not government employees be subject to the same legal processes for their indebtedness as any other employee?

It is ironical indeed that even the United States government as a creditor finds it difficult to enforce its just demands on its own people. In the interest of all the honest government employees and the splendid credit record of most of the government service men, the law protecting the indifferent, the deadbeat or dishonest government employee should be repealed. The quicker that is done the better. The honest government employee will gain respect when the dishonest or indifferent no longer can evade his just obligations.

Henry H. Heimann

HENRY H. HEIMANN,
Executive Vice President

THE MARCH COVER

WHEN the offices of top management are wide open at all times to department executives for exchange of ideas and discussion of operative policies, there maximum efficiency has fertile soil.

That's the background for the credit problem treated on page 12 of this issue by Jerome Kaufman (center), controller of the Barth Smelting Corporation of Newark, N.J., who appears in the cover picture with President Otto Barth

(left) and Secretary Ernest Barth.

President Barth, who last summer toured Continental Europe to develop markets for the corporation's scrap metals, is a credit-conscious executive.

Young in years and ideas, Mr. Barth was on the advisory committees of the National Production Authority and the Office of Price Stabilization, and is acting chairman of the defense council of the brass and bronze ingot industry.

Secretary Ernest Barth has been associated with the Barth companies, which include the subsidiaries Barth Smelting and Refining Works, Inc., and Barth Metals Company, since their inception.

He is engaged primarily in the purchase of raw material for the foundry operations and in exporting and importing metal scrap, an important part of the corporation's activities.

Jerome Kaufman at 36 has been controller and credit manager of the corporation since 1946, following 4½ years of military flying in World War II. Graduate of the University of North Carolina with a degree in business administration, Mr. Kaufman is a member of the National Association of Cost Accountants and active in the New York Credit and Financial Management Association.

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General Manager: Edwin B. Moran
Official Publication of The National Association of Credit Men

VOLUME 56 **NUMBER 3**

IN THIS ISSUE

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Send copy and plates to 33 So. Clark Street, Chicago 3, Ill.
Chicago, Ill.—*Russell Smith*, 205 West Wacker Drive, Phone: DEarborn 2-5091
New York, N.Y.—*Publishers Associates*, 1133 Broadway, New York 10, N.Y. WAtkins 9-4290
San Francisco, Calif.—*William A. Ayres Co.*, 233 Sansome St. Phone: YUkon 6-2981
Beverly Hills, Calif.—*William A. Ayres Co. (Lee F. O'Connell)*, 111 N. LaCienega Blvd. Phone: CRestview 5-2022
Seattle, Wash.—*William A. Ayres Co. (Lloyd Thorpe)*, 604 Medical Arts Bldg., Phone Main 6827

Published monthly on the 21st of month preceding date of issue by the National Association of Credit Men, 404 N. Wesley Ave., Mount Morris, Ill.

Entered as second-class matter Dec. 28, 1951, at the post office at Mount Morris, Illinois, under the Act of March 3, 1879.

Subscription price $3.00 a year, 25c per copy; Canada, $3.50; all other countries, $4.00 postpaid.

Printed in the United States of America.

Publication Office:
404 N. Wesley Ave., Mount Morris, Ill.

Editorial, Advertising and Executive Offices: 229 Fourth Ave., New York 3, N.Y. ORegon 4-5100. Midwest Office: 33 So. Clark St., Chicago 3, Ill. ANdover 3-3096.

(Address all editorial material, photos and plates to the New York office.)

WASHINGTON

THE "MIDDLE-ROAD" program of the Eisenhower Administration is again exemplified in his $65.6 billion ($2.9 billion deficit) budget message proposals for changes of federal revenue laws. At the same time that he advocates a dozen changes now that would reduce next year's taxes on business by an estimated $650 millions, the President asks a year's delay before effecting the corporation income tax cut scheduled for April 1st.

Twenty-five recommended major changes, including the 12, would bring $1.25 billions tax savings to business and individuals in fiscal 1955, which opens July 1st. But he favors indefinite extension beyond April 1, 1954, of the excise tax rates on autos, gasoline, liquor, beer, cigarets and tobaccos in other forms. (He wants other excise tax rates increased if these are reduced.) Nevertheless, there were expectations that Congress would vote some changes in excise tax measures and some reduction of the 52 per cent corporation income tax though less than the scheduled 5 per cent paring.

The House ways and means committee already had come out for a compromise action to alleviate to a degree the double taxation of corporate dividends—for the individual. Under this plan, progressively increasing credit would be accorded individuals on their dividend income the next three years to compensate for taxes the corporations already have paid (estimated reduction to shareholders $160 millions the first year).

Incidentally, hundreds of changes in the internal revenue code have been agreed to in joint efforts of the Treasury Department and House-Senate internal revenue committees.

Earlier deduction for a larger part of depreciation of equipment, machinery, buildings and other capital assets was proposed in the President's message. These, and his other proposals, the Chief Executive said, will be especially stimulative to small business.

CHEERIO (Not Advt.)

The 36 individuals in England whose annual incomes total $574,000 have $23,332 left when the inland revenue authorities get through with them.

The more than 10 million persons in the largest income tax group earn between $750 and $1,400 a year.

PAID HOLIDAYS

Nine out of 10 union agreements provide for paid holidays—six days (exclusive of Election Day) in more than half of the contracts containing such provisions, says the Bureau of Labor, summarizing a study of 1,709 agreements covering six million workers. Manufacturing concerns allow more paid holidays than other businesses.

Triple time is paid for work on paid holidays in 10 per cent of the cases; double time and one-half in 20 per cent, double time in 53 per cent.

Among the other announced steps in the program, directly concerning individual taxes and indirectly affecting business, are: simplification of tax rules for employee pension plans; encouragement of sickness benefit programs by assurance that employer contributions will not be considered income on which the worker will be taxable.

The Administration asks optional write-off of expenses of research and development while underway; permission to farmers to deduct soil conservation costs up to 25 per cent of the gross; larger credit against U.S. levies in cases of payment of taxes to foreign governments on profits earned outside the United States; earlier payment of corporate taxes.

The Treasury and the Congressional committees, said Mr. Eisenhower, are still in huddles over many other phases of rewriting the tax code, in such areas as capital gains and losses, oil and mining industry problems, taxation of cooperatives and other organizations now tax-exempt, and retirement income for individuals not under pension plan coverage.

Social security tax rates will go up for 1970 and thereafter under the Eisenhower program, Oveta Culp Hobby, secretary for health, education and welfare, told newsmen—from the current $3\frac{1}{4}$ per cent to $3\frac{1}{2}$, and for self-employed persons from $4\frac{7}{8}$ to $5\frac{1}{4}$ per cent.

Other important tax law changes suggested are: Permit payment of taxes on income as it is earned instead of when received, if pre-paid in lump sum; let losses offset prior earnings for two years instead of one; simplify partnership

WAR IS BIG BUSINESS

To 100 large corporations went 64 per cent of the $98.7 billions in defense contracts awarded in the three years ended last June 30th, approximately the period of the Korean war.

General Motors Corporation led with 7.2 per cent of the total; Boeing Airplane Company was second with 4.4 per cent, and General Electric Company received 3.6 per cent.

Prime contractors necessarily are selected on ability to make and assemble in quantities and on schedule, the Defense Department said in the report, conceding the handicaps faced by small companies in bidding for large contracts.

tax laws; let corporations with few active stockholders file as partnerships, and certain partnerships as corporations; let companies accumulate larger earnings for expansion use; tighten the laws on the setting up of several units within a single enterprise; and simplify the rules on corporate reorganization.

¶ EARLIER, the President had proposed to Congress that, while continuing the social security system in principle as it is, larger benefits should be made available for more workers. So expressions of approval came from those in Congress favoring the principle that retirement benefits are earned rights and that the reserve fund be built up and secured for its contributors. And President George Meany of the American Federation of Labor said that the plan, while it did not go as far as the AFL had recommended, was "as forward-looking a program as the Administration has yet produced."

Specifically, as explained by the President and in bills before the House, the plan would bring 10 million more persons into the system; permit a retired worker to do more part-time work; increase benefits starting in October for those already on retirement rolls; launch a formula January 1st for additional benefit credits and so higher benefits on retirement; drop the four lowest earning years in computing average for a worker with uneven income; and secure the benefit rights to the totally disabled who had a substantial work record.

¶ EXPORTS of finished goods increased 20 per cent in the third quarter of last year, but all other types of exports showed a drop—30 per cent in raw foodstuffs, up to 24 per cent in other raw materials. Many of the finished goods were for the military.

¶ SAVINGS by individuals in the third quarter of 1953—$3.3 billions—were 36 per cent less than for the same '52 period and slightly under the second quarter of last year. The nine months total in '53, however, was a bit above that for the same three quarters of 1952. These are Securities and Exchange Commission figures.

¶ UNDER a bill passed by the House, increase of almost 3.5 million acres in this year's cotton plantings would be permitted, and the ban against potato price supports would be relaxed to the extent of allowing purchases by the Government for school lunch and other programs.

The cotton quota allotment of 21,379,342 in the bill is a compromise. The original allotment, fixed by Ezra T. Benson, secretary of agriculture, under the farm law, was 17,910,488 acres.

¶ PRIVATELY OWNED or Government owned but privately operated "commercial and industrial type facilities will be used to the greatest extent possible," said Charles E. Wilson, defense secretary, in calling a halt to military services' processing of iron and steel scrap and other activities which private concerns can perform to the satisfaction of the military.

¶ AN 8 million ton sugar quota for 1954, set by the secretary of agriculture, adds up to 200,000 tons more than the quota originally set for 1953 but 100,000 below the year-end quota.

¶ SALES of gold by the United States to foreign countries exceeded $1 million in 11 months of the past year; net purchases were $645 millions in the same period of 1952.

¶ PROTECTION of "essential defense industries" against foreign competition, by support of an industry board for the purpose by the Randall Commission on Foreign Economic Policies, was urged by the American Jeweled Watch Manufacturers Association, which pointed to its members' production of military necessities in World War II.

¶ PUBLIC UTILITIES accorded fast amortization tax certificates need not pass the benefits to customers in lower rates, the Federal Power Commission held. Utilities may keep for future payments of income taxes such funds as accrue to them as a result of the defense tax benefits law, provided the funds are so earmarked.

OFFICIAL TEXTS—of all mobilization agency regulations may be had, free of charge, by writing the Information Division of the agency involved, Washington 25, D.C.

THE FEDERAL REGISTER—a Government daily publication, which contains full texts of all regulations, is available from the Superintendent of Documents, also at Washington 25.

TAXES

–Priorities of Liens
–Invisible Mortgage
–Why Overpayment?
–Moneyflow Control

SO LONG as today's concept of America as an international wet nurse governs federal and national thinking, taxes will be a year-'round big business for all business. Nevertheless, March is March! Therefore, on the following pages are presented four pertinent topics, off the grooved path strewn with its plethora of words on the subject. In addition are two full pages (20 and 21) of digests of legal rulings and opinions on tax cases.

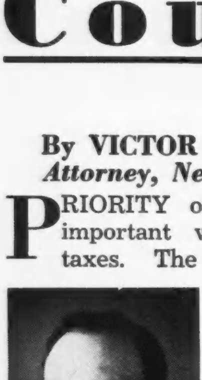
Priority of liens, bobbing up consistently in matters such as creditor assignments, is discussed in terms of mechanic's liens, garnishments, amended tax claims, and referees' allowances. Estate planning, with accumulation of wealth as only the preliminary step, runs afoul that "invisible mortgage" of cash obligations becoming due.

With every day Tax Saving Day, small business births the thoughts of its big brother and turns to professional guidance, to save time as well as money. Too, there's the question of allowance for depreciation of equipment. And a refreshing turn is the theory of control of moneyflow to spot "embolisms" in the economy and apply generating forces to hold U.S. Treasury tax needs to a minimum.

Courts Act on Liens

By VICTOR R. WOLDER
Attorney, New York, N.Y.

PRIORITY of liens is always important when it concerns taxes. The question nearly always comes up when a taxpayer becomes insolvent, goes into bankruptcy or makes an assignment for the benefit of creditors. More and more cases dealing with priority of taxes are coming before the courts. Following are a few recent ones, which deal with (a) mechanic's liens, (b) garnishments, (c) amended tax claims, and (d) referees' allowance.



V. R. WOLDER

Mechanic's Lien or a Federal Tax Lien: Which Has Priority?

IN *United States vs. Eisinger Mill & Lumber Co. Inc.* (decided CA-Maryland—7/2/53), labor and materials had been furnished by certain contractors in the construction of a house on property in Maryland. The owner of the house was insolvent and defaulted under a mortgage trust deed. The holder of the mortgage foreclosed; after payment of the mortgage, there were surplus proceeds on hand.

The question was: Who should receive the surplus funds, the United States Government which had filed a lien for income taxes or the holders of the mechanic's liens who had furnished the materials and labor before the assertion of the tax assessment and before the recording of the tax lien?

The holders of the mechanic's liens recorded their liens after the Government lien was filed. The lower court held that under the laws of the State of Maryland an unrecorded mechanic's lien was an absolute lien against specific property for six months after the work is finished, and continues thereafter so long as the contractor records his lien during that period.

On appeal, the circuit court of appeals reversed, and gave priority to the United States on its tax lien, saying: The United States has a lien upon all property of a taxpayer for any unpaid taxes, interest and penalties (Sec. 3670 I.R.C.); that such lien arises at the time the Collector (now the director) receives the assessment, and continues until the tax liability is satisfied or becomes unenforceable by a statute of limitations (Sec. 3671 I.R.C.)

Such lien of the government, however, is not valid as against any mortgagee, pledgee, purchaser, or judgment creditor until notice of the lien has been filed by the government. (Sec. 3672 I.R.C.)

It had been decided in 1893 by the Supreme Court that *(U.S. v. Snyder, 149 U.S. 210)* no protection was afforded to innocent third parties against the secret unrecorded tax lien of the United States. Congress, therefore, enacted into law the necessary statutory provisions which give protection to the prior mortgagee, pledgee, purchaser or judgment creditor who acts without notice.

However, the court of appeals for Maryland held that the mechanic's lien is not a mortgage, and that the original holder thereof is not a mortgagee, pledgee, purchaser or judgment-creditor. Since the lien of the United States for taxes is prior to that of all claimants except those who specifically meet the exceptions of Section 3672 I.R.C., the

(Continued on page 35)

Invisible Mortgages!

by
K. KAUFFMANN-GRINSTEAD
Estate Planning Consultant
as told to ERNEST W. FAIR

"I'm all set now . . . I've made enough to take care of my wife and family, and it's all safely invested to assure them a good income for life."

HOW many business acquaintances have you heard make that statement? Well, the chances are that in 19 out of 20 cases the speaker may be wrong. There's a lot more to leaving a practical estate than mere accumulation of wealth. Too often this is only the start.

K. KAUFFMANN-GRINSTEAD

There's an Invisible Mortgage hanging over the estate of every executive—credit men as well as others. There are pitfalls of estate shrinkage, dangers of inflation.

First is the terrible toll of taxes, with worry about income taxes during our lifetime *and* estate taxes after our death—to say nothing of the expenses of the last illness.

Comes the question if some of us can really afford to die unless we have had some very expert estate planning, for payable immediately is the Invisible Mortgage, the sum of cash obligations become due.

An outstanding instance was that of Frank Knox, secretary of the Navy and publisher of *The Chicago Daily News.* In his estate cash was insufficient to pay the taxes and other unexpected bills.

Thirteen's Unlucky—in Mistakes

Thirteen expensive mistakes commonly are made in estate planning. If these are avoided one can save for one's family one-fourth to one-third of his lifetime accumulation, despite the fact the problems covering one estate differ from another's.

This writer, after many years of experience in this field, has developed more than 200 methods to avoid estate shrinkage and protect the value and safety of an individual's estate. No one case would find all applicable.

Mistake Number One is to underestimate the value of one's taxable estate. An accountant told a friend of mine, "As long as the value of your estate is not greater than $120,000, there is no federal estate tax." This information generally is only half-correct; your estate may have to pay a whopping tax if its value is greater than $60,000.

For tax purposes your estate may include the following:

(1) Cash owned by you, (2) cash owned by another person but belonging to you, (3) all bank accounts in your name, (4) some or all accounts in your name jointly with another person, (5) the maturity value of insurance on your life for which you paid premiums either directly or indirectly, (6) some or all the value of insurance on the life of another person for which you pay premiums, (7) maturity value of accident insurance, (8) market value of bonds and stocks held jointly or singly, (9) taxable value of business interests owned individually or jointly, (10) value of real property owned singly or jointly, (11) value of royalties and mortgages, (12) all property in your home, (13) value of property given to another person even if gift tax was paid, (14) value of future rights which you may receive as a gift, (15) value of any property or rights you may receive from trusts or inheritance, (16) value of future savings from investment income, (17) value of capital gains on present or future assets, and others.

One of the biggest mistakes is to believe that joint ownership of bonds or stocks with one's wife subjects them to taxation on only one-half of their value. In 99 cases out of 100, Uncle Sam puts the full value into one's estate, and that's true of real estate and bank accounts.

Figuring real estate and other assets at prices we paid for them is also wrong; Uncle Sam figures on the present market value. Nor will appraising one's business at book value necessarily be accepted. Just ask, "If I wanted to sell this business today, what would be a fair asking price?" The answer will be the tax answer.

The second big mistake is to underestimate the death taxes on one's estate. An estimate on the basis of today's considerations never is safe. Today's $60,000 base may become $30,000 at the next session of Congress.

Underestimating other cash obligations of one's estate is a third big mistake. This includes all amounts which must be paid by the estate independently of and in addition to death taxes. Examples: expenses of the last illness, cost of funeral, compensation of an administrator or executor, fees for attorneys and accountants and appraisers, court expenses, accrued income taxes, tax deficiencies for past years, unpaid bills, selling expenses for the liquidation of assets which must be sold to raise the cash for meeting such obligations.

The total general cash obligations other than death taxes will amount

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You're Richer Than You Think, If--

You Check These Assets, Subject to Estate Taxes

(1) Cash owned by you outside of the business, accounts in banks, savings banks, etc.
(2) Maturity value of insurance on your life, and death benefits of accident insurance.
(3) Bonds and stocks, approximate value (do not deduct loans)
(4) Interest in close corporation(s), partnership(s), or personally owned business firm(s). Use book value.
(5) Real estate, approximate today's market value (do not deduct mortgages).
(6) Property in your home (furniture, rugs, silver, jewelry, antiques, art works, automobiles, etc.).
(7) Other assets, such as mortgages, debts, claims, rights, royalties, patents.
(8) Goodwill value of your business.
(9) Expected additions to present assets from inheritance, trust funds and other sources.

Why Overpay Taxes?

By CHARLES E. NOYES
Director of Public Relations
American Institute of Accountants
New York, New York

Mr. Noyes prefaces the article herewith, on ways in which small business can avoid overpayment of taxes, with the notation that it was prepared with the cooperation of the American Institute of Accountants.—Ed.

MANY businessmen who borrow from banks and other credit grantors actually overpay their taxes. Not on purpose, of course. Nevertheless, small businessmen who feel unable to afford professional advice may miss many opportunities to minimize their tax liability and thereby impair their financial health.

C. E. NOYES

There's nothing wrong about so arranging one's affairs as to incur the lowest possible tax. In fact, legitimate tax savings often may provide the difference that allows a business to make a reasonable profit.

Every day is Tax Saving Day because most tax economies must be planned before the transaction is made. The businessman who tries to be his own expert on taxes and government regulations is likely to have little time left to run his business. That is one reason smaller businessmen are now doing what the larger companies have been doing for many years—engaging professional experts.

Here is one way a New England merchant benefited from following his banker's suggestion that he confer regularly with a certified public accountant. He checked with his C.P.A. just in time to make a long-range saving amounting to several thousand dollars.

His warehouse had burned down, and he figured that since this was what the tax authorities called an "involuntary conversion" he could replace the warehouse from the proceeds of his insurance without having to pay a capital gains tax, although the warehouse already had been 50 per cent depreciated on his books.

C.P.A. Suggests Better Plan

The C.P.A. pointed out that he would be better off using an alternative method permitted by the tax laws. He had sustained a capital loss on the sale of another piece of property in the year. This would offset most of the capital gain resulting from the difference between the depreciated book value of the burned warehouse and the amount he received from the insurance company.

Thus, by paying a small capital gains tax, he could set up the full value of the new warehouse on his books and charge depreciation on that in his tax returns for future years, instead of carrying it at the depreciated value of the old warehouse, as he would have been required to do had he not reported a capital gain. Over the next twenty years this will save him many more tax dollars than the amount of the capital gains tax in the current year.

There are many ways in which a seemingly trivial difference between two transactions may make a great difference in the tax effect. This article cannot pretend to cover all of them. *The businessman should be warned to get expert advice before trying to follow any of the examples given in this article.* A slight variation in the circumstances may require a different method of handling the transaction. When legal problems are involved, a lawyer should be consulted; for accounting matters, the C.P.A. is the best adviser.

The C.P.A. often is able to spot tax-saving opportunities for his clients because he is familiar with their financial affairs, and his training has taught him to judge the comparative effects of various transactions, in terms of taxes and of profits. The C.P.A.'s professional competence is certified by a state board after the required preparation and a rigid examination.

Many banks advise their customers that consulting a C.P.A. throughout the year for tax economy is good business practice.

A Pacific Coast subcontractor, for example, found his profitable defense work had put him suddenly in the higher tax brackets. He resolved to use some of what he called "tax money" to fix up his plant.

He planned to repair several bad spots in the roof, install a better electric wiring system, supplant the coal furnace with oil, mend plaster, and paint the walls and ceiling. The whole job would cost about $20,000, all of which he thought he could deduct as "repairs" from his taxable income.

Following his practice of consulting his C.P.A. before each major transaction, this manufacturer made a phone call that saved him from a serious mistake. If he had ordered the work as he intended, he would have had no deduction for repairs. He was advised instead to separate the work into two jobs: one for repairs and one for improvements.

"The credit grantor who believes a borrower is losing money through overlooked tax economies can render a service by recommending professional advice," writes Mr. Noyes. And, we add, make two friends for life—the customer and the certified public accountant.

The items deductible as repairs, being steps necessary to keep the property in reasonable condition without adding appreciably to its value, were the patching work on the roof, mending the plaster and painting the walls and ceiling. These amounted to $7,000 and were deductible from his taxable income. The other items were considered improvements, subject to depreciation but not deductible in the current year. The repairs also would have been considered improvements if they had been included with the other work and a separate itemized record had not been kept.

Now consider the experience of one of the borrowers from an Illinois bank—an appliance dealer. His C.P.A. advised him to get rid of a delivery truck that was continuously breaking down. "But don't trade it in," he said. "Sell it and buy a new one."

Here is the reason. The depreciated value of the truck on the books was $1,000, but because the

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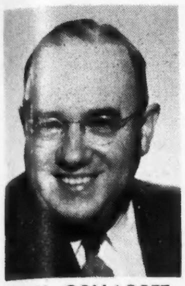
Moneyflow Control


R. H. COLLACOTT

FINANCIAL management has a peculiarly private role in the program of our industrial democracy's leaders in Washington to maintain an even keel for the economy in steering it out of the inflationary errors of the past several decades with the motorized help of generative forces in business.

This, Then, the Task

(1) The number one job of the Treasury, after providing necessary funds, is to check inflation. Without this, all remedies in time will end in disaster.

(2) Relief rolls and W.P.A. types of activity will keep people alive but will not initiate income. As a method of transfusion they are worthless.

(3) Accelerating consumer spending by increase of consumer debt will not in itself prime the pump, except as it will induce the psychological setting which will draw out greater investment.

(4) Use of private debt must be geared in some approximation to the contracyclical programs of the Treasury Department.

Supporting the Administration's announced hopes to exercise social control of the business cycle, R. H. Collacott, assistant to the chairman of the Standard Oil Company (Ohio), points to a "Study of Moneyflows in the United States," made by Morris A. Copeland for the National Bureau of Economic Research. He calls the conclusions "a new social accounting system" which "relates moneyflows, cash and credit, to fluctuations in the gross national products, linking changes in cash balances, government debt, consumer and farm credit, bank and insurance company portfolios, etc., to expenditures and receipts of various major sectors of the economy."

From this "carefully compiled double-entry set of books for the United States," says Mr. Collacott, "it is hoped that strictures and embolisms can be spotted early when trouble is indicated, that the generating forces in the economy can be encouraged, and, most important of all, that this may be done with some precision and skill, thus enabling the Treasury to do with a minimum of tax money. There is real reason to hope that this technique can be effective. It would obviously be a great contrast from the methods of opening the inflationary floodgates and inundating the economy, which the Government has, understandably enough, felt obliged to use in the past."

Five key features of the "main money circuit" presented as conclusions of the Copeland study, were quoted as follows by Mr. Collacott in addressing the Akron Association of Credit Men:

1 Moneyflows are sources and dispositions of money, and a transactor's sources of money are (a) his receipts from customers and other ordinary receipts, and (b) the money he receives from net decreases in his claims upon others and increases in his liabilities to others;

2 Each moneyflow resulting from a main circuit transaction has two aspects: (a) it is a source of money to someone and (b) it is the disposition of an equal sum by someone else;

3 Each household, each branch of Government, each industrial corporation and each other transactor has some discretion over his main circuit moneyflows;

4 Each transactor has some discretion over the composition of his loan fund balance and the size of his cash balance;

5 What *money* does in an economy is to keep the moneyflows accounts. It does this today largely through debits and credits to individual accounts on the books of banks.

Mr. Collacott also refers to a criticism of John Maynard Keynes' "General Theory" by Arthur F. Burns, who was director of research for the National Bureau before he was named economic adviser to President Eisenhower. The New Deal philosophy of deficit spending, commonly linked to Keynesian theory, obscures other Keynes conclusions with which Mr. Collacott agrees in part:

"I think we would agree that consumer spending cannot be depended upon to initiate changes of income ... While investment does initiate such changes, it is not even enough to prevent violent changes in the economy ... High prosperity, and an economic climate in which your work as credit managers can be conducted with some semblance of science and good judgment, rest upon a fairly high level of employment."

But "the greatest fallacy which sprang from Keynes' statement is the common assumption that the simple process of pumping Government funds into the economy is an effective and always available remedy for a recession."

Mr. Eisenhower's declaration in the presidential campaign that "the full power of private industry, of municipal government, of state government, of the federal government would be mobilized to see that depression does not happen," was summarized by Mr. Burns in a National Bureau study last May as indicative of this administration's economic approach, capping "a long line of social thinking that first had as its objective the cushioning of depression, next pump-priming expenditure, then compensatory fiscal policy, and, finally, comprehensive contracyclical action."

Then how control business cycles? Mr. Collacott asks. "Flooding the economy with Government money may be a palliative but is never a remedy. It can postpone the evil day of reckoning but it will make all the more certain its eventual arrival."

For 20 years some emergency situation always had been used to justify inflationary programs. One of the first jobs of George M. Humphrey, secretary of the treasury,

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A Problem for the Book and How It Was Solved

A Feature Series on MANAGEMENT AT WORK

JEROME KAUFMAN
Controller
Barth Smelting Corporation
Newark, New Jersey

DEVELOPMENT of a marginal risk into a valued account requires more than the initial endeavors of astute management. Equally vital is the willingness of the credit executive to look beyond the surface statistics to personality and capability, to the human side of the ledger, and then work with the account to help him build himself.

The sales analyst sees in the marginal customer not so much a possible credit loss as a potentially highly desirable source of profit. In a competitive economy such as ours, the market fluctuates from that of buyer to seller, and vice versa, governed by the laws of supply and demand. The timid credit executive makes no distinction for the marginal accounts and so, while sales to them usually are profitable in their limited degree, how much better the operation would be in overall profits to take a *little* loss to effect a *large* volume increase.

The president of a very large company confided to me that, although his company was maintaining a high level of sales, he instinctively felt that the very absence of bad-debt losses indicated a far too conservative attitude in the credit department with the result that maximum sales volume was not being reached. He added that he intended to give his credit executive, an otherwise able man, three months to change the policies of his department.

Later I learned that at the end of the "grace period," the entire credit department was reorganized, with a new department head. Since the change the sales of the company have been increased 15 per cent. This experience could be duplicated in varying degrees and percentages throughout the industry.

It is understandable that a credit executive, particularly the younger, less experienced executive, in his overzealous eagerness to safeguard the finances of his company, instinctively shies from sales to unrated accounts. He forgets the effect of these rejections on the overall sales picture, which, after all, is the heart of the company's existence.

We at Barth Smelting initially adopted and have maintained a liberal and progressive policy in our credit and sales departments. The efficacy of this policy has been borne out on many an occasion by the growth of an account from "poor pay" and "small-user" into a highly valued customer and an industrial figure.

The Clouds Begin to Roll Up

There was the foundry company in southern New Jersey which for 25 years we had been trying in vain to get on our books. Suddenly, five years ago, creditors began to turn very wary of the account. Trade payments became extremely slow; rumor had imminent a reorganization under Chapter XI.

The foundry approached us for help, as all supplies of metal had been cut off. In addition, creditors were pressing for payment. From balance sheet and operating figures the situation appeared extremely bad. Three items on the financial statement invited further investigation: first, an excessive inventory; secondly, a mortgage-free plant, and thirdly, overburdening administrative salaries.

With the warnings of our business friends ringing loudly in our ears, we arranged a meeting to discuss these inequities, the reasons for them, possible ways to eliminate them. Something had to be amiss. Here was an organization that had been in existence more than a half century, with a good earnings record in a very competitive industry, but now becoming enmeshed in financial difficulties despite the period of high profits.

President Ill, Fantastic Salary

The meeting brought to light some interesting ramifications. The president of the company was a severe cardiac case, had been forced into inactivity by an attack a few years ago, yet was drawing a fantastic salary. Furthermore, he had employed two members of his immediate family at salaries entirely out of proportion to their contribution. The entire operation was being administered by the plant superintendent, who simply did not have the financial know-how and was in " 'way over his head."

Of prime importance was the fact that 40 per cent of the voting stock, given in security for a personal obligation, was held by a local bank; the obligation was in default, and the bank was now a stockholder. The bank management never had forgiven the president of the company and had stymied all efforts to obtain a mortgage on the plant. Contracts were being cancelled because of non-delivery, and penalties assessed, leaving

Jerome Kaufman returned from the Mediterranean after World War II and promptly forsook his insignia as an Army Air Force major for a desk as controller of the Barth Smelting Corporation in Newark, N.J. More biographical highlights appear on page 5.

the company with a work-in-process inventory approximating four months' sales.

The insidious evil of these situations is that, fed by desperation, they breed more mistakes, more inefficiencies. As the company reached for business, costs were disregarded, bids were submitted at unbelievably low figures. Such a path of procedure must lead to industrial hara-kari.

Despite all this, a visit to the plant convinced the writer that there was a possibility of rescuing the company, depending upon a few contingencies. First, it was imperative to impress upon the inactive president that the business, so long in the family and now his sole source of income, was in imminent danger of dissolution. The only salvation was to interest outside capital, get an experienced, active, alert investor to purchase a stock interest, if necessary a controlling interest, while at the same time guaranteeing the president a fixed income plus a share of the profits for the life duration of the business.

New Principal Gets Control

The foundry was in a four-story brick building in a good state of repair, the machinery and equipment while not of the very latest design was certainly not antiquated, and the plant was in a highly desirable industrial location with its own railroad sidings. Therefore, interesting outside capital did not appear too difficult an endeavor,—and so it proved. The bank, holding 40 per cent of the voting stock, sold its holdings gleefully, and these, together with 11 per cent obtained from management, gave the new principal the controlling interest.

At that stage the business was very much better off than it had been in some time, in that it had obtained capable administration and also had eliminated the axe wielded by the local bank. However, the new prin-

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KAUFMAN

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cipal brought in no working capital; his means had been exhausted by the stock purchase. Nevertheless, after painstaking consideration, we decided that the account, under the new set-up, merited our credit. We extended an amount we considered commensurate, and froze it at that total for a six month period.

Shipments of metal were made in sufficient quantity to complete the work-in-process inventory on the floor, converting it into salable finished products and releasing the working capital so desperately needed.

The next step was to install a job-costing system so that there would be no repetition of the taking of orders without attention to costs. Finally, an adequate mortgage was obtained, easing the financial tension.

We have been shipping the account for over a year in substantial amounts, payments are net cash, and the mutual association has become highly profitable, thanks to an unwillingness on our part to accept facts at face value, and an impelling curiosity which always will preclude the turning down of a sale, however small, until a self-satisfying investigation so warrants.

Ofttimes the size of the account might seem to make neither the cost nor effort justifiable. This is never true. The day of the order-taker is over. Business is too hard to get today to warrant arbitrary consignment of orders to the wastebasket on the basis of cold figures. The ultra-conservative armchair credit executive has no place on today's business scene. The man of initiative and perceptiveness will always be a highly valued member of the management team.

COLLACOTT

FROM P. 11

was to check this alarming trend. "The whole list of nostrums which, used sparingly, are legitimate remedies, had been used so extravagantly as to produce little further effect on the patient and had, moreover, just about exhausted the supply. Some resiliency must be restored to the economy.

"This resiliency had been lost through many ways besides the creating of a colossal national debt. The use of the fictitious social security reserve, the advancing of the corporation and personal income tax payments, are only two of the dozens of ways by which the secretary of the treasury had been deprived of freedom of movement. (Since Mr. Collacott's address some relief has come in federal income tax and excise tax, but the President has favored continuation of the corporation tax level and parity handouts to farmers, though flexible instead of fixed.—Ed.)

Promise of "Capitalistic W.P.A."

"The problem which now confronts the Treasury is the difficult one of arresting this inflationary trend and at the same time standing ready to use the financial powers of the Government as a spur, when a decline should occur in our reliance upon arms manufacture as a vast new industry, a sort of capitalistic W.P.A."

Mr. Collacott sees in the Copeland Study of Moneyflows, made with a grant from the Committee of Economic Development, a promise of "far-reaching effect in this field of social control of the business cycle," a role of value somewhat analogous to that of William Harvey's discovery of the circulation of blood to the medical world, he says.

Out of wide experience in the areas of auditing, sales, personnel, field management and marketing research, as well as credit, R. H. Collacott has moved up to assistant to the chairman of the board of The Standard Oil Company (Ohio). He is also president of Joseph Dyson & Sons, Inc., Cleveland manufacturer of hammered and pressed steel forgings.

Returning from Navy service to Cornell University to receive his degree in 1919, Mr. Collacott joined Standard Oil in the credit department. From field manager in western Ohio he was moved back to Cleveland for special marketing problems. Transferred to Akron, he became division manager in 1936, was given leave of absence to serve as chief of petroleum products pricing in the Office of Price Administration in Washington, returned to Cleveland in 1949 as chief of marketing research, thence to assistant to the board chairman.

NOYES

FROM P. 10

truck showed hard wear it would bring only $400. On a separate sale and purchase the $600 loss could be deducted from taxable income, but, in a trade-in such as this, no profit or loss is considered to occur.

The *long-run* effect on taxable income probably would be the same, because of higher depreciation charges in the case of the trade-in. However, the dealer preferred to take the deduction immediately in a high tax year.

Businessmen, properly advised, can take other steps to save money in a year when taxes are likely to be high. Equipment whose use is no longer profitable, or "white elephant" merchandise (if inventoried at cost) can be sold and the loss used to minimize net income. The opening of a new department or service can be timed so that the losses of the first few months will come during a high tax period.

This is also a time to spend liberally for advertising, employee training, public relations, improved accounting systems, professional services and other deductible expenditures which, if chosen wisely, may result in more profit in the following years.

Dollars often slip away unnecessarily through simple errors. There was the jeweler in up-state New York who employed his wife as a bookkeeper. In three years they had made payments (as employer and employee) of social security tax amounting to $500, none of which should have been paid in the case of a wife employed by her husband. Later when the jeweler, seeking a bank loan, engaged a C.P.A. for an audit, the error was discovered. The jeweler fortunately was able to obtain a refund.

Many other economies may apply to particular businesses. Even the method of accounting may lead to tax savings. Should the company be

CHARLES E. NOYES joined the staff of the American Institute of Accountants in 1947 as director of public relations. Before that he was editor of Congressional Quarterly *in Washington, D.C., and had been associate director of the Information Division and director of the Civilian Surveys Division of the War Production Board.*

Mr. Noyes, who has degrees from the University of Illinois and Brown University, is the author of "Economic Freedom: A Democratic Program," published in 1943 by Harper & Brothers.

on cash or accrual basis? Should inventories be valued by FIFO or LIFO method? Can tax accounting be simplified by changing to a natural business year? These questions must be answered in each individual case by the professional accountant.

Proper accounting records are needed, not only for the businessman's own information but also to substantiate his tax return. The Treasury has court precedent to "bear down heavily on those whose inexactitude is of their own making."

Finally, the credit grantor naturally regards the businessman with good accounting records as a better credit risk.

KAUFFMANN-GRINSTEAD

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to 10 to 20 per cent of the gross estate, I have found. Ignorance of this fact causes 93 businessmen out of 100 to expose their families to potential financial insecurity.

A fourth mistake of thousands is to overlook the danger of forced sales and liquidation losses. One businessman left an estate with $92,587 gross obligations and but $28,807 to pay them. Another had $28,222 cash to meet obligations which turned out to total some $107,529. If part of the estate must be sold to meet these obligations a fair price seldom is obtained because all buyers know they are being put up under forced sale. Thus a well planned estate can shrink dangerously.

Mistake Number Five is to overestimate the capital remaining. Only cash can be used to meet the death taxes and the general obligations.

Overlooking the loss of our investment experience is another mistake; this easily can lead to capital losses through unwise investments.

Mistake Seven is to provide too little spendable income for one's family. During one's life every liquid $1,000 can be invested to yield $50 to $60 a year. Death taxes, general cash obligations and liquidation losses may reduce the unit to $800 or even $600. Then one's widow can afford only conservative investments yielding, say, $24—and these are further reduced by income taxes.

Providing too much taxable income for one's family is the eighth mistake. Making arrangements under which the income must go to a certain beneficiary, even in years when the beneficiary has adequate income from other sources, is bad business. This income left by oneself is put on top of the other income and therefore becomes subject to the higher income tax rates.

May Be Second Estate Shrinkage

Mistake Number Nine is to overlook the second estate shrinkage from the same causes at the death of one's wife.

Overlooking the possibility that one may survive one's wife is another big mistake. Plans which would have worked out perfectly, if the wife survived the husband, could produce great hardship under the opposite circumstances.

Number Eleven is to overlook the estate shrinkage at the death of children. Number Twelve is to overlook the danger of future radical, social or economic changes.

The federal estate tax is only one of 19 reasons why one's estate may have to pay out cash. Even the smallest estate will be confronted with a 20 per cent shrinkage just to pay such expenses. In many cases the figure is as high as 35 per cent.

Clues to Savings in Estate

Here are but four of 200 methods and measures to effect estate savings:

Life Insurance. Check whether the policies have features by which the taxable value might become higher than face value, also whether the policies have any settlement arrangements which might become financially disastrous in serious inflation or war.

Business. Check whether estate savings can be obtained by changing the nature of the business setup.

Investments. Check up on which investments could not be sold within a few days. It may be advisable to sell them now or replace them with more liquid investments.

The Last Will. Make certain the will takes advantage of maximum income tax economies both at the time of death and for the years to follow.

KURT KAUFFMANN-GRINSTEAD of Hot Springs, Ark., considered one of the 12 top estate planning experts in the country today, was born in Germany in 1900 as a U. S. citizen, and studied economics, finance and international trade here and abroad.

He is a member of the National Advisory Board, Investors League, New York City; director of R. M. Smythe, Inc., New York City; member of the National Association of Securities Dealers, and a Life Fellow of the Royal Economic Society of England.

Competition's Demands Accentuate Joint Task of Business and Banks

Credit and Money Lubricate the Economy

BUSINESS and bank managements have a responsibility to maintain a sound economy in the increasingly competitive period ahead, 1,000 executives were told in Chicago by keynote speakers at the national credit conference sponsored by the credit policy commission of the American Bankers Association.

"Banks are obviously ready and eager to lend. They consider credit conditions basically sound, although there may be a tendency toward lower demands as the year progresses," was the consensus of one bankers' panel. Participating were Wallace M. Davis, president, The Hibernia National Bank, New Orleans; Frederic A. Potts, president, The Philadelphia National Bank, Philadelphia; Jesse W. Tapp, executive vice president, Bank of America N.T. & S.A., San Francisco; Francis H. Beam, senior vice president, The National City Bank of Cleveland, and George S. Moore, executive vice president, The National City Bank of New York, moderator.

"Markets are what we make them," said L. L. Colbert, president, Chrysler Corporation, Detroit, "and the main responsibility for creating healthy markets in the year ahead rests with the businessman."

Mr. Colbert emphasized three of a series of important developments: (1) Close to 4 million babies born in 1953; population now 161 millions, 206 millions by 1975; (2) 17 million families without any auto, 66 of every 100 farms without a truck; (3) the tremendous market for housing, and the equipment needed in a modern house.

"Facts like these point to opportunities. The market is waiting for men who have the will to do some real selling."

A Retailer Looks at Banking

Fred Lazarus, Jr., president, Federated Department Stores, Inc., Cincinnati, told the group: "It is important that banks develop the facilities to finance consumer credit for retailers and other distributors, and that the faucet of consumer credit should not be turned on and off by the device of government edict or bank agreement. At certain points of the economy, credit should become more expensive, so that risks will be more carefully screened. But I believe the old idea of Regulation W is a substantial mistake and tends to put a small but relatively important part of the economy in a straitjacket and develop government controls that are not necessary.

"Credit and money are the grease that makes the economy move. If we want it to move adequately, it cannot be sharply withdrawn or limited, or allocated to a particular favored section."

"The effect of atomic power on sources of energy in the United States is still bound to be almost negligible during the next ten years and only slight during the ensuing five years," was the opinion expressed by Philip Sporn, president, American Gas & Electric Company, New York.

The Rule That's Golden

CREDIT as a helping hand, not the threatening foot of a past era, tided a Milwaukee company over the adversity of a $500,000 fire.

Competitors provided the supplies for the Capitol Lumber Company's contractors—and contractors themselves offered financial assistance. Furniture companies sent equipment for the temporary office—in an adjoining house where Capitol had had bulldozers doing the preliminaries to razing the structure, until President Julius Callner "had a bunch" it might come in handy.

"Come and work out of our yard," said the competing companies to the son and purchasing agent, Jerry Callner.

Much nicer all around than bankruptcy, isn't it?

Consumer Credit Dynamic

Philip Woollcott, president, The Bank of Asheville, Asheville, N.C., and chairman, instalment credit commission, American Bankers Association, suggested the following guides to consumer credit policies: (1) Credit should be based on the character, ability and willingness of each applicant to pay, rather than on collateral values alone, or on reserves or on dealer guarantees. (2) Dealer situations should be reexamined constantly, with careful inspection of floor-plan items and immediate follow-through of irregularities of any kind. (3) A strong collection effort should be maintained continuously, as delinquencies are one of our best indexes of control."

Mortgage Credit

"As plans unfold in 1954 for housing and mortgage credit, one thing stands out crystal clear. It is that Government will encourage private enterprise to do as much of the housing job as possible, and the Government's role will not be the dominant one." This viewpoint was expressed by John W. Kress, executive vice president, The Howard Savings Institution, Newark, N.J., and president of the savings and mortgage division, A.B.A. Among the "new developments as a part of the President's program is the possibility of evolving an improved distribution of mortgage credit for areas of need.

"Substantial amounts of savings can and will be directed into mortgage investment, provided the economic situation permits and sound loans are available at reasonable rates."

Bank Credit Outlook

George Champion, senior vice president, The Chase National Bank, New York, declared:

"When account is taken of all factors, the advance in the overall volume of credit in 1953 may have been more in line with expectations than is generally recognized. What has occurred is some shift in the source of credit, as a result of which both the Government, in the form of the Commodity Credit Corporation, and corporate treasurers have played a relatively large role.

These activities did not prevent bank loans from expanding, but it is obvious they did hold such expansion to a smaller volume than might otherwise have occurred.

"We are prone to forget these significant elements of strength in

our overall situation: (1) All signs point to very little decline in plant and equipment investment; (2) military outlays will not be changed greatly; (3) the recent tax changes which should act to improve incomes of both individuals and corporations; and (4) the dynamic nature of American industrial leaders, who always are turning out new and improved products."

Problem of Trained Men

"Where are our future bank loan officers to come from?" asked T. W. Johnson, vice president, Security-First National Bank of Los Angeles, and president, Robert Morris Associates.

"As our economy begins to level off, under the return to competitive conditions," Mr. Johnson told the conference, "it becomes increasingly clear that there is a great dearth of trained credit and loan men coming along . . . No matter how busy we are, we should set aside some time every day to discuss problems, pass along experiences, counsel with those coming along. We can't afford to do otherwise."

T. W. JOHNSON

J. W. TAPP

Mark A. Brown, president, Harris Trust & Savings Bank, Chicago, advocated "a sound conservative approach to new loans and greater and more intelligent internal effort in the analysis and review of these loans after they are on the books."

R. C. Weatherwax, president, Oglesby-Barnitz Bank & Trust Company, Middletown, Ohio, pointed out that many bank people had never loaned or collected money in highly competitive markets. He outlined a constructive loan policy for a medium-sized bank in "more normal markets."

Everett D. Reese, president, The Park National Bank of Newark (Ohio) and president of the A.B.A., addressed the conference on "Banking's Responsibility." Fred F. Florence, president, Republic National Bank, Dallas, chairman of the A.B.A.'s credit policy commission, presided.

TRENDS— IN BUSINESS AND FINANCE

PRE-FIREWORKS

MANY AS ARE the concessions in the sweeping report of the Randall Committee (Commission of Foreign Economic Policy, headed by Clarence B. Randall, chairman of the Inland Steel Company), the conclusions basically present bargaining points for strengthening of America's economy abroad. The one certainty is that there will be cataracts of words, domestically and from all transoceanic directions, and a drag-out set-to of argumentation in Congress.

Two of the larger areas of discussions are the proposed three-year extension of the reciprocal trade program with tariff reductions of 15 per cent, and a gradual approach to convertibility—without direct U.S. financial aid.

Recommended are easier access to the International Monetary Fund's $3.3 billions of resources, with Federal Reserve Bank "stand-by credits" to European central banks.

"Bet a Billion"

Remember "Bet a Million" Gates? It seems he was a piker, though there's a vast difference between gamble and faith.

General Motors is "betting a billion" on "the immediate future and the long term growth of the market for our products," in an expansion program to be completed in two years.

Chairman Alfred P. Sloan, Jr., goes President Harlow H. Curtice one better, and says the project may take a billion and a half. Mr. Curtice says good business ahead is indicated by industry's high capital investment, new housing and commercial building, continued large defense expenditure, little change in employment figures, and maintained consumer spending levels because of sustained incomes and lowered taxes.

Decrying "formal convertibility," and calling "full confidence" in the currency one of the conditions of any move toward "hard" or convertible currency, with the support of sizable gold or dollar reserves, the Commission says specifically, for example, that "Britain's reserves must be strengthened." Thus:

"The Commission does not favor a 'dash' for convertibility, or letting the currency 'find its own level,' since such a method presents the danger of a vicious circle of inflation, and would require larger reserves than may be available to prevent currency depreciation from getting out of hand.

For "Floating Rate"

"It is, however, sympathetic to the concept of a 'floating rate' which provides alternate methods of meeting trade and speculative pressures. Whether a country is strong enough, externally and internally, to administer such a system effectively involves a judgment which only the country in question could responsibly make."

Even within the Commission personnel there was noticeable dissent on the tariff extension and liberalization recommendations. Outright opposition came from Rep. Daniel A. Reed (N.Y.), chairman of the House ways and means committee, and from Richard M. Simpson (Pa.), another high-ranking member. Sen. Eugene D. Millikin (Colo.), who would not indorse the tariff and trade section and raised a number of questions, is chairman of the Senate finance committee.

Under the 1934 Reciprocal Trade Agreements Act, which is to expire June 12th, the President may reduce tariffs to other countries if the latter will make similar concessions to us, and may raise tariffs to avert serious harm to our industries. A 50 per cent range from the 1945 rate on any item is the limit under current law. The Commission asks the President be authorized to reduce rates by 5 per cent in each of the three extension years for a total of 15 per cent. The President also would be authorized without any reciprocal agreement to shave tariff rates 50 per cent under Jan. 1, 1945, on products now being exported or imported in negligible quantities and to reduce to a 50 per cent ad valorem rate any import duty higher than that.

Summer Farmers

There's good cheer for summer farmers in a U.S. tax court decision that upheld a taxpayer's plea that he was entitled to a deduction after eight years of steady losses on his part-time farm operation, says the Commerce Clearing House.

Nor need the taxpayer personally work on the farm throughout the year.

Other leading recommendations of the commission:

1 The President should be empowered to waive the "buy American" statutes for nations which accord Americans basic equality with their nationals in bidding on contracts.

2 Our Government should make important reductions in tax rates on American earnings on investments abroad and extend Government guarantees of private investments to protect them against possible private wars.

3 Agree to larger trade betwen Eastern and Western Europe in peace goods, to improve living conditions in the West but subject to the embargo on trade with Communist China and North Korea.

4 Repeal legislation requiring shipment of 50 per cent of Government-financed seagoing freight in American vessels, substituting a direct subsidy of U.S. shipping if needed.

5 Drop high and rigid agricultural price supports at home that tend to force accumulation of surplus farm products and to prevent their movement in world markets.

6 Retain the "escape clause" and "peril point" clauses of the Act. The President would be permitted to disregard recommendations of the Federal Trade Commission on the two provisions only when in his opinion U.S. national interest so requires.

7 The commission urged elimination of the "maze of restrictive (agricultural) devices such as inflexible price-support programs which result in fixed prices, open or concealed export subsidies, import quotas at home and abroad, excessive use of tariffs here and abroad,

exchange restrictions, and state trading."

8 As for labor standards abroad, the commission said that before making a concession on a tariff rate our Government should have proof that the industry making the product in a foreign country was not using labor that received subnormal wages and worked under "sweatshop" conditions.

No Time for Overcaution

DESPITE the changing economic panorama, with some business losses experienced, repossessions more noticeable, collections more difficult and dealer problems more prevalent, an "overcautious" approach to consumer instalment credit would be a "great danger," for "there is little that would precipitate deflationary pressures any faster," says the American Bankers Association in a bulletin now in the hands of all member banks.

"Common sense dictates," the bankers are told, "that we adopt a good loan policy and stick to it, no matter what pressures may be brought to bear from competition or other sources."

It's What You Take In

NEITHER an unreasonable rise in marketing costs and food processors' profits nor a very sharp tumble in farmers' share of the food dollar is a justifiable interpretation of the spreading gap between the Government's indexes of retail food prices and prices received by farmers, the National Industrial Conference Board finds.

The reason lies in failure to start from a common denominator. Thus, price movements of certain products appear in only one index. When nonfood items such as cotton, wool, feed for animals, and hay are taken out of the general farm price index, a less pronounced drop is seen in the total index. Then there are variances in grade and type between the two indexes, and the consumers price index includes such non-farm foods as fish, and certain foods not of domestic production, for example, bananas.

Newsprint Records

CANADIAN production of newsprint reached a record high mark of 5,721,296 tons last year, and consumption in the United States went up to an unprecedented 6,142,897 tons.

Ernest A. Rovelstad

Legal Rulings and Opinions

Decisions in Taxation Problems

PARTNERSHIPS

Payments to Estate

FOR federal income tax purposes a partnership interest is generally recognized as a property right and held to be a capital asset. In N. T. Veatch, et al, v. Commissioner of Internal Revenue, Docket No. 38567, Nov. 30, 1953, the U. S. tax court held that the surviving partner was not taxable on partnership profits paid to the estate of the deceased partner in compliance with terms of the partnership agreement; that such payments constituted distributions of the partnership income accruing over a period of time, in liquidation of the partnership, and were not payments of the purchase price of the deceased partner's interest.

Personal Earnings Combined with Partnership Earnings

A partner agreed to pool his earnings from outside sources with the partnership earnings, the total to be distributed according to a percentage division. His outside earnings came to $3,000, the partnership earnings to $4,000. Under his agreed-upon distributive percentage of 40 per cent, he reported his income as $2,800 (40 per cent of the $7,000). The commissioner declared $4,600 should be reported ($3,000 outside earnings plus $1,600 as 40 per cent of the $4,000 earnings).

The tax court ruled the agreement to turn over outside earnings to the partnership is an anticipatory assignment of income, and the taxpayer is taxable on that income. It is also a credit against his share of the total partnership earnings. In other words, he was taxable on the greater of (1) his outside earnings and (2) his share of the total. He therefore would report $3,000 since this is greater than $2,800 (40 per cent of $7,000). If he had pooled $2,000 he would report $2,400 (40 per cent of $6,000). *(Mayes (21 TC No. 33)).*

Employees' Retirement Fund Is Charitable Contribution

Contributions to a trust or foundation for the welfare of the donor's employees (such as for sickness, disability, death, emergency needs) often have been held to be deductible as charitable contributions. This concept now is extended to include a trust or foundation to provide retirement benefits for employees.

The specific issue—if a bequest in trust for a "retirement and/or welfare fund" made by the founder of a close corporation for its employees was deductible for estate tax purposes—was upheld by the tax court. *(Estate of Carlson, 21 TC (No. 34)).*

Income Deferred

Difference between the partner's tax year and the partnership's tax year resulted in a tax advantage. A contractor, awarded four construction contracts, hired three supervisory assistants. A partnership was formed in May 1945 to carry out the latest contract, construction was completed in October, the builder paid in November, and the partnership terminated in early '46.

The contractor contended his distributive share was '46 income since the only tax year of the partnership ended in '46. The Commissioner claimed no actual partnership existed; it was rather a continuation of the old employment arrangement, and, even if a partnership was formed, it terminated in '45. Either way, the '45 payment was to be reported in '45. The court held the parties did form a partnership which did not terminate until '46, when the final accounting and distribution was made. *(Ray, TC Memo, 10853).*

From A.&P. to Zed

The five-year Government civil antitrust suit against the New York Great Atlantic and Pacific Tea Company, Inc., came to an end with the signing of a consent judgment by Federal Judge Edward A. Conger in New York.

Under the compromise agreement the company is to dissolve its produce-buying subsidiary, the Atlantic Commission Company, Inc., to act neither as buying agent nor broker for the outside trade, to do no selling to the outside except salvage items and its own manufactures and these at prices no higher than for the chain's own retailing corporations.

The Government originally had demanded that the 6,000-store chain be broken down into seven competing and independently-owned retail food groups.

Automobile as a Door Prize

In Bates v. Glenn, D. C. Ky., Sept. 14, 1953, a taxpayer sued for recovery of the value of an automobile, received as a door prize, which had been included in the claimant's taxable income on instruction from the commissioner. Ordinarily, prizes received in contests are taxable income, but where nothing is done or performed by the recipient, the prizes are not taxable.

A Ford dealer had invited the public to inspect a new model car. The names of those visiting the showroom had been written on cards, the cards placed in a barrel, and the person whose name was drawn had received a new Ford.

Private Annuities

A private annuity may be arranged in the following way. An older member of a family owns business property and wishes to retire with some assurance of future income, and a younger member wants to take over but has no cash or credit standing. The property is transferred in exchange for annual payments to the retiring member for life. The tax advantage is there is no gain to the seller at the time of the transfer because the payor's promise can't be valued. Instead, the annual payments are only partially taxed for a number of years. *(Rev. Rul. 239, 1953-23).* The plan is not so advantageous if the annuitant dies first.

Trip to Florida Medical Expense

There was no question the trip was made for purposes of health. The question was if some of the expenses were personal and not for medical care. The claimant had been advised by his personal doctor and a specialist to take a trip to Florida, to alleviate a severe case of psoriasis. Lodging, travel and incidental expenses incurred on the

Them as Has, Gits?

The United States' share of the world's income rose from 26 per cent in 1938 to 40 per cent in 1948. Canada's share rose from 1.8 per cent to 2.2 per cent in that period.

Reporting the results of a five-year study, "World Population and Production," the 20th Century Fund says: "The United States has no chance to survive as an isolated island of abundance in an ocean of poverty." The report finds the United States leading in a move to supplant cutthroat competition with the sharing of technical and industrial knowledge and financial resources with underdeveloped areas.

trip were claimed as medical expense deduction. The tax court allowed the deduction, since the trip was made solely to relieve the pain.

Employees' Traveling Expenses

The case of Flowers (326 U.S. 465, 34 AFTR 301), before the U.S. Supreme Court, concerned an employee working in one city but residing in another. To be considered were two questions: "Where is his 'home' for tax purposes?" and "When is an employee 'away from' that home?"

Mr. Flowers was engaged as general counsel by a railroad company with headquarters at Mobile, Ala. The company allowed him to live and do most of his work in Jackson, Miss., but he had to pay the travel expenses of all necessary trips to Mobile. He claimed a deduction for these expenses. His claim was not allowed. The tax court's concept of an employee's tax home is "his regular post of duty, or place of employment." The Supreme Court ruled he was not away from home, therefore the expenses were personal.

When 'Dividends' Are Deductible

In the case of Choctaw, Inc., dividend payments, socalled, were allowed as deductible interest. An issue of preferred securities against a loan of $250,000 for expansion purposes was made, although negotiations were conducted on the basis that it was a loan, not a stock investment. Dividend payments were credited on the books as "dividends on stock."

"The relationship is the standard regardless of what the payments are called," the tax court ruled. Where the relationship is that of debtor and creditor, the payment is interest. In the Choctaw case the court held that the dividends paid upon an issue of cumulative preferred stock were deductible as interest for income tax purposes. *(TC Memo, 12/9/53).*

Preferred Dividend on Common

An $800,000 issue of preferred stock as dividend was claimed by the Commissioner to be held taxable as ordinary income. In the case of Chamberlain v. Commissioner, C.C.A.-6, Oct. 14, 1953, the corporation was fearful of being subjected to Sec. 102 surtax because of its large accumulated surplus. The taxpayer was the principal stockholder of the closely held corporation, which had only common stock outstanding. An informal agreement was made with an insurance company to buy $800,000 preferred stock from the stockholders when issued. The corporation then issued to the stockholders, as a stock dividend, $800,000 preferred stock, redeemable over a six-year period. The taxpayer-stockholder immediately sold the preferred stock to the insurance company.

The tax court agreed with the commissioner's claim that the preferred stock dividend was taxable as ordinary income, but the court of appeals reversed, holding that the dividend was not the equivalent of a cash dividend because the taxpayer did not receive either money or property from the corporation.

Life Insurance in Retirement Profit-sharing Plans

Wider use of profit-sharing retirement plans with life insurance investment features is indicated by a favorable ruling of the Internal Revenue Service. The plan provides for investment in ordinary life policies (by the plan's trustee) up to 50 per cent of the business profits allocated by an employer to an employee profit-sharing plan, and for conversion of the life insurance policies by the trustee to retirement income contracts when the employee retires. Such a plan qualifies for tax-exempt status under Section 165 (a) of the Internal Revenue Code, according to an Internal Revenue Service ruling to the American Life Convention and Life Insurance Association of America.

Court Can Reverse Itself

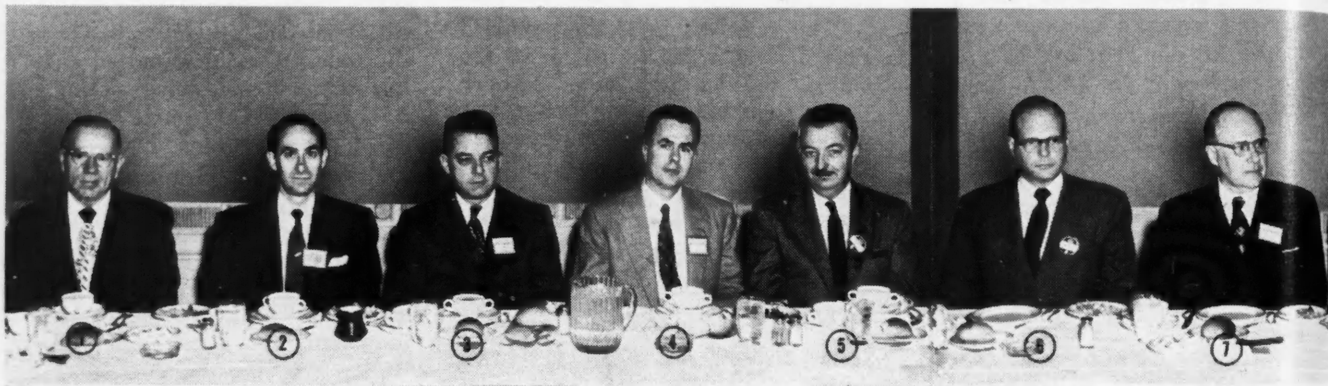
A tax court which handed down a ruling without formal hearing may find to the contrary after full consideration of the facts in dispute, the federal bench found in U.S. v. International Building Company, S.C., No. 508.

Judgment for Wesson

Final disposition of the action brought by Wesson Oil & Snowdrift Company against the British General Insurance Company resulted in payment in full of the Wesson company's judgment. An item under "Legal Rulings" in the January issue had concerned the court's comment on the phrase "actually in transit."

After a reargument in the same Municipal court in New York on November 19, 1952, judgment was rendered in Wesson's favor on December 1, 1952. It was then appealed to the Appellate Term of the Supreme Court of the State of New York, wherein judgment was affirmed on June 4, 1953. On September 29, 1953 the Appeal Division of the First Department denied leave to appeal and the Wesson company's judgment was paid in full.

Management Requires Three-Dimensional Fo[cus]



(1) E. L. COX (2) B. B. ISAACSON (3) G. C. SAVIDGE (4) L. T. KNIER (5) W. A. HESS (6) J. L. YOSBURG (7) E. B. MORAN

ACCOUNTANCY, BANKING AND CREDIT POOL PROBLEMS IN CONFERENCE

THE 3-D AGE is discussed at a three-way, one-day conference in Philadelphia. In joint representation: The Credit Men's Association of Eastern Pennsylvania, the Certified Public Accountants of Eastern Pennsylvania and the Robert Morris Associates. (Left to right), Earl L. Cox, partner Fernald & Co., vice president, Philadelphia Chapter, Pennsylvania Institute of Public Accountants; Bernard B. Isaacson, president, Delaware Society of Certified Public Accountants; Gilbert C. Savidge, First National Bank of Philadelphia and vice president, Philadelphia Chapter, of the Robert Morris Associates; Lawrence T. Knier, executive manager and secretary-treasurer of Robert Morris Associates; William A. Hess, manager, Brown Bros. Harriman & Co., 2nd vice president, Credit Men's Association of Eastern Pennsylvania; J. LeRoy Vosburg, partner, Fernald & Co. and 1st vice president, Credit Men's Association of Eastern Pennsylvania; E. B. Moran, secretary, National Association of Credit Men; Chairman, Stephen F. Sayer, assistant vice president, First National Bank of Philadelphia,

By ROBERT L. ROPER

TRUE focus for credit policy and operation requires the three-dimensional perspective of accountant, banker and credit executive, just as the 3-D motion picture takes multiple projectors, Charles E. Fernald, senior partner in Fernald & Company, told members of the Credit Men's Association of Eastern Pennsylvania, the Certified Public Accountants of Eastern Pennsylvania, and the Robert Morris Associates, meeting in Philadelphia.

Mr. Fernald, past president of both the National Association of Credit Men and the Eastern Pennsylvania credit organization, was addressing a One Day Credit Conference, into which were packed two panel discussions, case history presentations, luncheon address and other formal speeches.

The four business leaders who participated in the morning panel talks that followed Mr. Fernald's were: Augustus L. Raffetto, vice-president, The Philadelphia National Bank, who acted as moderator; Morris J. Cohen, senior partner, Morris J. Cohen & Company; Stanley L. Bateman, credit manager, Horace T. Potts Company; and John A. Eiseman, assistant vice president, The Pennsylvania Company for Banking & Trusts.

"With business failures now at their highest post-war levels," said Mr. Cohen, "the need for cooperation in solving the credit problems of business is greater than ever."

He paid tribute to the Industry Groups of the National Association of Credit Men. "They have done an excellent job of educating to the need for better working together of credit men and members of the banking and accounting professions. However, progress in this direction has not been commensurate with the general progress of business."

Pointing out the need for a greater exchange of information, Mr. Cohen said, "All too often the merchandise creditor does not follow carefully enough the financial statements on his customer's business. Also, the supplier frequently relies on credit reports which may not be so timely or accurate as the information which the bank has."

Where does the accountant fit into the picture? "The certified public accountant," in Mr. Cohen's definition, "is the watchdog of credit. He detects unsatisfactory trends when they first appear."

Enumerating the advantages of such three-way cooperation he mentioned that often "the creditor has been so pleased by the help of the banker and the C.P.A., and his customers have so benefited by their joint efforts and timely advice that their relationships have become permanently cemented for a mutually profitable future."

Many Information Sources Needed

In the second panel talk Mr. Bateman cited the large and growing needs for credit at the consumer level, which necessarily would have their effect on the future credit requirements of wholesalers and manufacturers—and increase the number of credit problems. Hence an increasing essential that the credit executive explore all possible sources of information, including his company's salesmen, the banks, the agencies, the C.P.A.'s and the interchange reports of other suppliers.

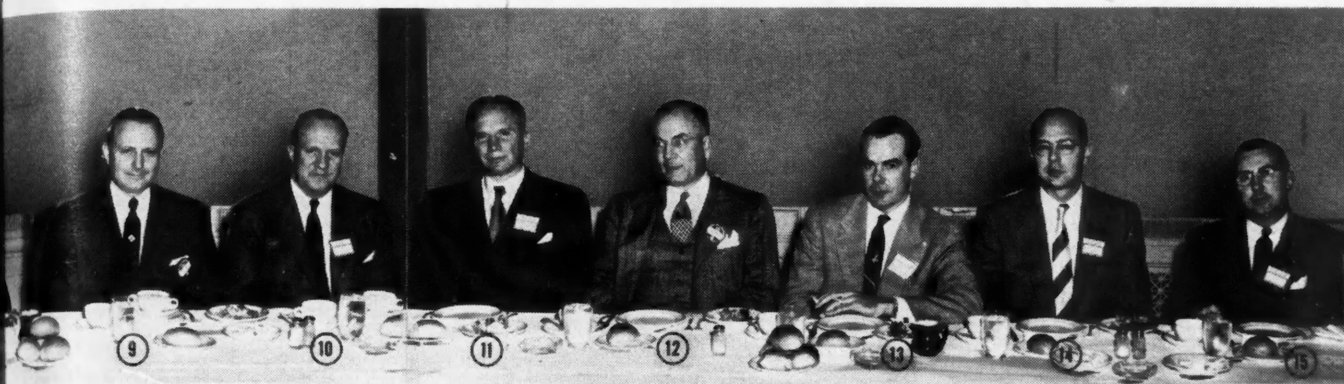
Some of these sources, he pointed out, are reluctant to divulge financial details relating to their customers' accounts. As with doctors, C.P.A.'s hesitate to give out certain information. In a somewhat similar way, bankers also feel restricted, although they have "made great strides in cooperating with industry in recent years."

Therefore, what is the best way to get information from such reluctant sources? The best way, Mr. Bateman advised, is to "get to know them. Mix with them socially, if you can. Know the individual who handles your customer's account at the bank. Also, know your competitors who are supplying the same cus-

Before you say anything derogatory about the old year, 1953, just remember: By the time you are telling your grandchildren about it, you will be calling it "the good old days."

—Changing Times

erspective of Accountant, Banker, Credit Chief



(9) C. E. FERNALD (10) F. E. BYRNE (11) V. E. von LOSSBERG (12) H. R. WAKEFIELD (13) R. D. BAGGS (14) P. E. SCHENCK (15) F. W. HEINTZELMAN

INTERDEPENDENCE IN COMPETITIVE ERA IS THEME AT PHILADELPHIA

and president, Credit Men's Association of Eastern Pennsylvania; Charles E. Fernald, senior partner, Fernald & Co., past president National Association of Credit Men and Credit Men's Association of Eastern Pennsylvania; Frank E. Byrne, treasurer, Cannon Mills, Inc. and chairman, National Association of Credit Men's Committee cooperating with the Robert Morris Associates; Victor Ernst von Lossberg, U.S. Commercial Attache at Ankara, Turkey; Herbert R. Wakefield, general credit manager, Sun Oil Co., director, Credit Men's Association of Eastern Pennsylvania; Robert D. Baggs, Dun & Bradstreet Inc., conference chairman; P. Edward Schenck, credit manager, Container Corporation of America and 4th vice president, Credit Men's Association of Eastern Pennsylvania; F. Willard Heintzelman, administrative director, Pennsylvania Institute of Certified Public Accountants. In luncheon addresses, panels and case history presentations, speakers underscored the need of cooperation for today's operations. Panels were conducted morning and afternoon.

tomer." Mr. Bateman cited an instance in which two competitors had set out together to collect their respective accounts—and with successful results for them both.

"Common Interest" Is Factor

In the final panel talk of the forenoon, Mr. Eiseman said the area of 3-D cooperation in credit was a big one, but could be adequately summed up in the phrase "common interest." All too often, he explained, the credit man, the banker and the accountant act in just the opposite way—as though their interests were conflicting. "Interest in the cause of cooperation is non-competitive," he believes, "since it is aimed primarily at the interest of their mutual customer. But this is only as long as the customer's business goes along well. When competition does arise the business does not do well. At that time we are more concerned with getting what each of us can get out of the customer."

"While everything goes smoothly the credit man should attempt to get acquainted with the banker and the C.P.A. Thus close contact is established early in the game. Each looks for and can obtain information which the others have to offer and thus mutually benefit without any danger of unfair advantage to any one of them."

Much of the reason for the lack of credit information, Mr. Eiseman suggested, is that insufficient information is given to the bank by the credit man at the outset of an inquiry. For example, the banker has a right to know: What is the purpose for which the supplier wants the information? How big is the line of credit? Is it a new account or an old one? If these questions are not answered, the bank's answer must necessarily be, "Blank has had an account with us for — years." No more information will be given. "So try to give the complete story."

Cooperation between credit men and accountants, said Mr. Eiseman, should be based on the fact that sound forward planning is just as important in establishing a sound financial position as a sound credit history. Before granting a new line of credit or continuing an already established line of credit, this question should be asked: What are my customer's plans? If he has no plans for the future development of his business, no program to improve his financial position, the time has come to enlist the aid of the C.P.A. in guiding the customer on a sound program.

All too often, according to Mr. Eiseman, cost control continues on a pre-war basis and may spell future trouble. Hence cost control should be revised constantly to make it fill the needs of ever-changing current conditions.

Watch your blood-pressure. Don't forget that, nine times out of ten, when you finally get important enough to take two hours for lunch, the doctor limits you to a glass of milk.

—Anonymous

Case History Demonstrations

Following the morning panel talks two lively demonstrations were made from case histories. They underscored the benefits of three-way cooperation. Participants were Robert Caldwell, Jr., partner, Charles S. Rockey & Company; John L. Grant, assistant vice president, The First National Bank of Philadelphia; and George W. Schaible, district credit and collection manager, General Electric Company.

Guests at Luncheon Session

At the luncheon session, the conference guests were introduced by Stephen F. Sayer, assistant vice president of The First National Bank of Philadelphia and president of The Credit Men's Association of Eastern Pennsylvania. The honored guests included Mr. Fernald; F. Willard Heintzelman, administrative director, Pennsylvania Institute of Certified Public Accountants; Bernard B. Isaacson, president, Delaware Society of Certified Public Accountants; Gilbert C. Savidge, First National Bank of Philadelphia and vice president of the Philadelphia Chapter of Robert Morris Associates; Lawrence T. Knier, executive manager and secretary-treasurer, Robert Morris Associates; William A. Hess, man-

ager, Brown Brothers Harriman & Company and second vice president of The Credit Men's Association of Eastern Pennsylvania;

J. LeRoy Vosburg, partner, Fernald & Company and first vice president of The Credit Men's Association of Eastern Pennsylvania; Frank E. Byrne, treasurer, Cannon Mills, Inc., and chairman of The National Association of Credit Men Committee cooperating with the Robert Morris Associates; Victor Ernst von Lossberg, United States commercial attache at Ankara, Turkey; Herbert R. Wakefield, general credit manager, Sun Oil Company, and director of the credit men's association;

P. Edward Schenck, credit manager, Container Corporation of America, and fourth vice president of The Credit Men's Association of Eastern Pennsylvania; Earl L. Cox, partner, Fernald & Company, and vice president of the Philadelphia Chapter of the Pennsylvania Institute of Public Accountants; Edwin B. Moran, secretary and assistant executive manager of the National Association of Credit Men; and Robert D. Baggs, Dun & Bradstreet, Inc., the conference chairman.

Planning Now, Profiting Tomorrow

In the talk that followed the luncheon, Mr. Moran pointed out that "the planning of today will determine the profits of tomorrow." Expressing his "firm conviction that 1954 will average out about as well as 1953, recognizing some nominal downward adjustments," he emphasized that forward planning never was more important than it is now-lest later its effectiveness would be lost. In the lucrative period of sellers' market conditions, he warned, business allowed itself to get into bad habits. He emphasized the desirability of a greater degree of selectivity and screening of credit risks, with frequent consultation with the C.P.A. "Credit executives should determine if the C.P.A. has expressed an opinion of inventory taking, and confirmed and analyzed accounts receivable as to true market value."

Among essential data the credit executive wants from the certified public accountant, Mr. Moran said, are these:

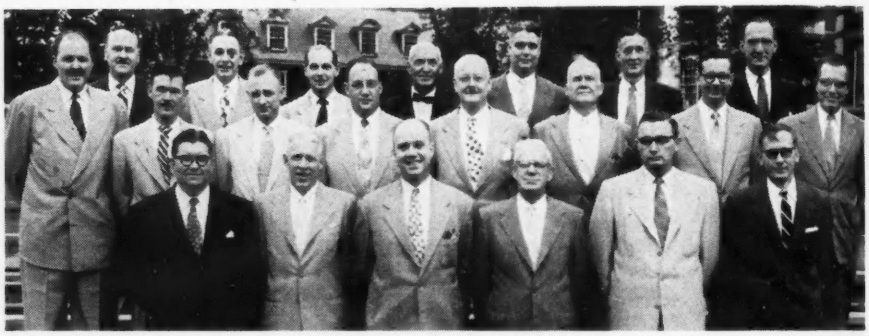
Analysis of accounts receivable in terms of true market value, comparative trends and ratios of the last few years, conclusions as to the consistency of customers' accounting procedures, items of extraordinary income or expense, the basis of inventory pricing and comparative sales backlog, cash forecast or budget in connection with long-term loans or credits, changes in sales volume or operating costs that can affect the break-even point, and large commitments on raw materials for future delivery.

"We in credit management," he added, "pledge our best sales effort to convince our customers that their chances of getting bank or commercial credit when they need it can be greatly improved by having available regularly and independently audited financial statements."

Uniform Code Discussed

In the afternoon session James V. Vergari, counsel, Federal Reserve Bank of Philadelphia, addressed the conference on the new Pennsylvania Uniform Commercial Code which goes into effect in July. After outlining its ten years of history, and the action of the Conference of Commissioners on Uniform State Laws and the American Bar Association in compiling the Code, Mr. Vergari compared its chief provisions with existing Pennsylvania statutes which they will largely supplant.

Concluding the afternoon session was a panel on "How to Avoid Failures." Speakers covered the topics "By Making a More Thorough Investigation," "By the Correct Interpretation of Agency Reports," "By Requiring a Closer Observance of the Terms of Sale," and "Through Management Appraisal." Speakers were H. A. Pope, assistant treasurer, National Union Radio Corporation, and general chairman of the credit committee of the Radio Electronics and Television Manufacturers Association; F. Scott Wolfe, regional reporting manager, Dun & Bradstreet, Inc.; Harry J. Ulkloss, Jr., The Electric Storage Battery Company, and credit instructor at Temple University; and P. Edward Schenck, credit manager of the Eastern Division, Container Corporation of America. The moderator was William Stockton, general credit manager of The Atlantic Refining Company. The latter cited the increase in failures and the need of greater caution in credit policies.



TEACHERS AND ADMINISTRATORS of the N.A.C.M.'s Dartmouth Graduate School of Credit and Financial Management: (front row) Prof. Raymond Rogers, Dr. Arthur R. Upgren, Orrin E. Barnum, Dr. Carl D. Smith, William J. Dickson, Prof. C. Roland Christensen; (second row) Louis Duenweg, John T. Durkin, Prof. Frederick S. Morton, Dr. W. Arthur Cullman, Dr. R. P. Brecht, Chapin Hoskins, Dr. Merle T. Welshans, Prof. John Griswold; (back row) Earle C. Bruner, Arthur E. Thevenet, Prof. Leonard Marks, Jr., Allison V. MacCullough, Prof. H. V. Olsen, Dr. Francis E. Bradshaw, and Robert K. Greenleaf. Dr. Smith is executive director of the graduate school.

Reappraise Credit Policies, Commission Advises Banks

Economic conditions today call for a reappraisal of credit policies by bankers, says the instalment credit commission of the American Bankers Association, reporting the results of a nationwide study.

This "is not necessarily a period when bankers should restrain or deny credit to those who are worthy," says the survey bulletin, but the commission "feels very strongly the need for the firming of credit policies" and advises that "bankers should not seek to maintain or increase their present outstandings by lowering any standards on instalment credit either as to terms or credit policies."

At the same time, Philip D. Reed, chairman of General Electric Company, speaking at Erie, Mich., at the dedication of the Justin R. Whiting power plant of the Consumers Power Company, declared his conviction that the American economy is "in a long-term upward trend" despite a slight readjustment.

From Steno to Public Relations

Alfred W. Wilson, who has been named assistant director of public relations of the northwest district of United States Steel Corporation at Duluth, Minn., joined the company in 1935 as a stenographer and since 1951 has been in charge of educational activities in the Chicago office. He succeeds George C. Zeller, who advanced to public relations director of the district.

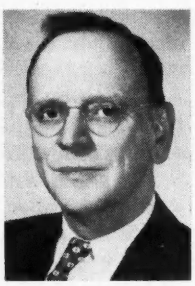
UP THE EXECUTIVE LADDER

C. Chester Jung has added the responsibilities of treasurer to those of vice president of finance, Calumet & Hecla, Inc., Chicago. He also is a member of the board of directors. Prior to joining the company in 1953, Mr. Jung was president of Scudder, Stevens and Clark, Inc., Chicago investment counsel. He is a director and president of the Glencoe (Ill.) Community Chest, park district commissioner, park board president, chairman of the Glencoe Joint Committee on Youth Activities, and a member of the board of managers of the Chicago Y.M.C.A.


C. C. JUNG


K. O. SWANSON


T. D. WALSH


J. P. MacNAMARA

Thomas D. Walsh, formerly assistant treasurer and controller, has been made vice president and controller of the National Company, Inc., Malden (and Melrose), Mass. Prior to joining the National Company in 1946, he was assistant to the treasurer of the American Marine Hull Insurance Syndicate and with a New York firm of certified public accountants. He is a member of the Controllers Institute of America, American Institute of Accountants, and National Association of Cost Accountants.

Kenneth O. Swanson, assistant secretary since 1949 of Sharon Steel Corporation, Sharon, Pa., is now secretary. He has served as general auditor since joining the company in 1944. Previously he was assistant controller of Pittsburgh Steel Company, Pittsburgh, and with Price Waterhouse & Company for four years.

Mr. Swanson, a certified public accountant, attended Augustana College, Rock Island, Ill., and was graduated from Pittsburgh School of Accountancy. He is chairman of the Northwestern chapter, Pennsylvania Institute of Certified Public Accountants, and a member of the Controllers Institute of America and American Institute of Accountants.

J. P. MacNamara, associated with the credit department of Fairmont Foods Company, Omaha, Neb., since 1928, has been appointed general credit manager. He succeeds Harry E. Storm, retired. Earlier, Mr. MacNamara was in the banking field. A member of the reserve corps, he served in World War II and returned to Fairmont in 1945.

Mr. Storm, his predecessor, is well known for his almost 30 years of credit activity. He joined Fairmont as assistant general credit manager in 1924 and was general credit manager 27 years up to the time of his retirement.

Edward J. McDonald has been advanced to treasurer and secretary and Edward C. Crotty to assistant treasurer and assistant secretary of the Seamless Rubber Company, New Haven, Conn.

Mr. McDonald succeeds Wallace C. Hutton, now vice president. Following World War I service as a naval ensign in the Naval Transport Service, Mr. McDonald went to the Seamless Rubber Company in 1919 as assistant in plant layout planning and production. From 1920 to 1923 he served as production supervisor, and in 1929 he was named assistant treasurer and secretary of the company. A graduate of Bryant and Stratton Business College, Mr. McDonald's early business experience was with United Drug Company (now Rexall Drug Company) in the Boston and Baltimore candy manufacturing divisions. He is a past vice president of the New Haven Association of Credit Men and is a member of the National Association of Cost Accountants.

Mr. Crotty, a graduate of Villanova University, was an ensign in the Navy in World War II and served aboard a landing craft in the Pacific. He joined Seamless in 1948 in the production office, subsequently worked in sales service, and since 1951 has been identified with the treasurer's office. In 1953 he was appointed assistant credit manager. He is a director of the New Haven Association of Credit Men.

Walter F. Winterhalter has been elected treasurer and a director of The Challenge Machinery Company, Grand Haven, Mich. He succeeds Ralph G. Wilson, who resigned because of ill health after more than 50 years with the company. Mr. Winterhalter for 25 years was with the Globe Knitting Works, Grand Rapids, and was secretary and assistant treasurer for several years. He left there in 1951 to join the Challenge Machinery Company as controller. Mr. Winterhalter is a past president of the Western Michigan Control, Controllers Institute of America.

Richard V. Sund has advanced to controller of the Elgin National


E. J. McDONALD


E. C. CROTTY


R. V. SUND


W. F. WINTERHALTER

Watch Company, Elgin, Ill., from assistant. He succeeds Daniel A. Brophy, retired. A certified public accountant, Mr. Sund was a partner in Walter C. Hale & Company, Chicago, prior to joining Elgin in 1951 as internal auditor. He had been Elgin's assistant controller since March of last year. Following studies at North Central College, Naperville (Ill.), he was employed by Lawrence Scudder & Company, Chicago public accountants, in 1937. In World War II he was field examiner of cost

R. C. SHRIVER J. C. RYAN

records for ordnance contracts in the Army and rose from private to chief warrant officer. Upon discharge in 1946 he entered Suncraft, Inc., manufacturers, as controller and secretary.

ROBERT C. SHRIVER, formerly assistant vice president and secretary of United States Trust Company of New York, has advanced to vice president. Following graduation from Columbia University in 1933, Mr. Shriver started with the Bank of the Manhattan Company. He joined United States Trust in 1940 and was successively assistant secretary, 1948, and assistant vice president, 1951, adding the title of secretary in 1952. He has been affiliated with the company's banking operations since World War II.

Mr. Shriver is a member of the National Association of Credit Men, the New York Credit & Financial Management Association, Robert Morris Associates, the Columbia University Club, and others.

D. B. HARRIS, JR., elected vice president of Hamilton National Bank, Chattanooga, Tenn., turned to banking at 18 when he worked in the bookkeeping department during summer vacation. He completed his schooling — McCallie School 1936; University of Chattanooga 1940, with the degree of bachelor in business administration; Wharton School of Finance, University of Pennsylvania, 1941, master's degree.

Mr. Harris has been connected with the bank's credit department since 1941. Returning from World War II Army service as captain, Reserve Corps, finance department, he became assistant cashier in 1947, assistant vice president 1950, and now at the age of 35 vice president, appropriately enough in a bank named after the man who at 32 became secretary of the United States Treasury.

President of the National Association of Credit Management, Cherokee Unit, Chattanooga, and a member of the Mountain City Chamber of Commerce, Mr. Harris also has been an instructor in the American Institute of Banking.

E. W. SCHENCK has been named vice president and treasurer of the Ripon Knitting Works, Ripon, Wis., and will give his full time to management of the concern. Formerly vice president and treasurer of Cluett, Peabody & Company, New York, Mr. Schenck last year contracted to purchase the interest of the late Alfred S. Reed, president and chairman of the board of the 73-year old knitting and leatherwear firm.

Mr. Schenck's business career began with the First National Bank of Madison, Wis., where he advanced to vice president. He served as controller for the Harry S. Manchester, Inc., department store before joining Cluett, Peabody & Company in 1949.

Five officers of the Commercial Credit Company, Baltimore, Md., have been advanced: Henry A. Cherry, from vice president to executive vice president; Berthold Muecke, Jr., from secretary and general counsel to vice president; John S. Grimes to vice president; W. Russell Mules to secretary; and James F. Flynn to controller.

Mr. Cherry, who had attended the University of Missouri, went to Commercial Credit as an adjuster in 1924 and advanced through the local organization to vice president in 1948. The following year he was made president of Commercial

D. B. HARRIS, JR. E. W. SCHENCK

Credit Corporation, principal instalment financing subsidiary.

Mr. Muecke, graduate of the City College of New York and from the Columbia University Law School, practiced in New York before moving to Baltimore in 1950. A senior member of the firm of Muecke, Mules and Ireton, Baltimore, he is general counsel for the company. He is a member of the American Bar Association and the Bar Association of the City of New York.

Mr. Grimes, Harvard graduate, has been with the company since 1926. In 1939 he was made a vice president of one of the company's factoring subsidiaries in New York and in 1953 became head of the company's commercial financing division.

Mr. Mules, graduate of the University of Baltimore Law School, also joined the company in 1926. He is a member of the American Bar Association, the American Judicature Society, the Baltimore Bar Association; author of "Mathematical Principles of Instalment Financing," and a member of Muecke, Mules and Ireton.

Mr. Flynn became associated with the company in 1940 after experience with the Federal Reserve Bank and Burroughs Adding Machine Company. He is a graduate of Loyola College and of the Baltimore College of Commerce with a degree in accounting.

JAMES C. RYAN has advanced to credit manager of Johnson & Johnson, New Brunswick, N.J., from assistant. On the day he assumed the office, Mr. Ryan completed 30 years of employment with the company.

He succeeds Frank A. Johnson, who retired after 25 years with the company, and had served as an active member of the Drug & Perfume Manufacturers Group and as a director of the New York Credit & Financial Management Association. The company also is a charter member of the Credit Research Foundation, N.A.C.M.

R. W. Sprenger has been named assistant credit manager.

No, They're Not Twins

Keith Powlison (left), now secretary as well as vice president of the Armstrong Cork Company in Lancaster, Pa., and Arthur L. Franklin (right), who has retired as credit

KEITH POWLISON A. L. FRANKLIN

manager of the Pittsburgh Plate Glass Company in Baltimore, Md., may have a bit of similarity of features but not enough to warrant mistaking one for the other. The cuts were transposed in the February issue. Mr. Franklin appeared also, this time with his own likeness, in the picture of the presentation to Miss Bess R. Havens at the Tri-State Conference.

Synchronized Federal Policies and Laws Urged As First Step to Investment Abroad

SYNCHRONIZING federal policy and federal law is essential to reduction of import obstacles and to greater trade and investment contribution to world advancement, says Eugene Holman, president of the Standard Oil Company of New Jersey.

Receiving the Capt. Robert Dollar Memorial Award for distinguished service for foreign trade, following the presentation by the previous winner of the award, James A. Farley, former U.S. postmaster general and now chairman of the Coca Cola Export Corporation, Mr. Holman declared at the dinner closing the 40th National Foreign Trade Convention, sponsored by the National Foreign Trade Council, Inc.:

"The uncertainty of our tariff policy, as distinct from the rate of our tariffs at any particular time, is a great deterrent to a businessman who plans to construct a foreign plant to supply goods for the American market."

The Standard Oil executive urged extension of the Reciprocal Trade Agreements Act without broadening the "escape clause" and "peril point" provisions which permit withdrawal of tariff concessions and place limits on reductions in rates to minimize import competition.

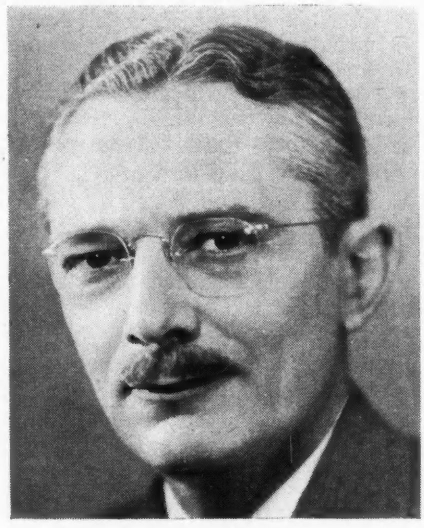
Mr. Holman's address followed the reading of a message from President Eisenhower, who emphasized that "by increasing two-way international law and stimulating the flow of private enterprise abroad, we can strengthen the free world," and that is done "only by demonstrating that we are prepared to practice what we preach."

Following are capsule excerpts from some of the addresses before the three-day convention, in which forums and panels jelled the views of speakers from several continents.

Urges Means for Free Flow of Wheat and Cotton Abroad

GEORGE D. AIKEN, *U.S. Senator (Vermont).*

It looks as if production controls may have to be applied to wheat and cotton for years to come unless some means is found of permitting the free flow of these commodities into the world market.... It is unfortunate that in order to maintain our own price support program it is necessary to restrict the import of commodities from other nations.



WILLIAM S. SWINGLE

THE PRESIDENT of the National Foreign Trade Council, Inc., presided as chairman at the forum on current trade questions on the final day of the Fortieth National Foreign Trade Convention in New York. Forum secretary was Philip J. Gray, assistant executive manager of the National Association of Credit Men and manager of the association's Foreign Credit Interchange Bureau.

Our own tariff protection (dollar volume) has decreased from approximately 50 per cent to about 13 per cent.

Place Self in Foreign Market Then Draw Upon Experience

E. P. ANDERSON, *President, International Division, Vick Chemical Company, New York.*

For the most successful exploitation of foreign markets, one doesn't think in terms of foreign merchandising or advertising at all. Instead, either in fact or in imagination he places himself inside the market and plans what should be done for just that market. Then he draws upon his experience in the U. S. and in other foreign markets. He adds these all together, and he is almost bound to come out with a superior effort.

No Terminal Facilities to End Cold War of Russia's World

HUGH BAILLIE, *President, United Press Associations, New York.*

The socalled Cold War between our world and the Russian world is going to continue, just about the way it is now, for as long as any of us will be around to worry about it. There are no terminal facilities.

West Germany expects that (when all the totals are in for 1953) she will have exported about $22 millions of toys and decorations . . . Another spectacular comeback in Europe, although this is more of the spirit, is that of Great Britain. . . . Both Germany and Japan have been helped to their feet by us much faster than would otherwise have been the case, because of the emergence of Russia as a threat to our national security. . . .

Trade Curb in One Direction Called Damaging Everywhere

His Excellency, SENOR FERNANDO BERCKEMEYER, *Ambassador of Peru to the United States.*

The curtailment of trade in any one direction is damaging to all, and to countries like mine, which are more dependent on foreign markets than others, the effects of this damage could be irreparably severe. Of deep concern to us are the pressures which are being exerted to restrict the importation of many commodities to the United States.

Progress Is Made in Efforts To Remove Barriers to Trade

W. RANDOLPH BURGESS, *Deputy to the Secretary of the U. S. Treasury.*

We have made progress (toward removal of trade barriers). First, most of the important nations of the free world have declared their intention to do away with quotas and barter deals. Secondly, our Trade Agreements Program has continued to chip away at unnecessary trade restrictions here and abroad. Thirdly, hope for the future lies in the open-minded approach we are undertaking under the leadership of the President.

Notes Moves to Restrict Tax On Business Income to Source

MITCHELL B. CARROLL, *Special Counsel, N.F.T.C. Tax Committee, New York.*

In the United Kingdom a royal commission has been appointed to study further tax concessions that should be made to facilitate the development of trade and industry abroad. Canada has outdone Britain in the scope of its provisions for encouraging foreign trade and investments.

It is significant how many of the Continental European countries have adopted the basic principle in their tax laws or treaties that income produced at a permanent establishment in another

(Concluded on page 29)

Guides to Improved Executive Operation

KEEPING INFORMED

How To Make Your Own Slide Film Presentations for Less Than $20. A new "how-to-do-it" booklet for business firms, explaining how magnetic tape and 35 mm. slides can be combined to tell a story or convey an idea in an effective manner at a low cost. Five easy steps are outlined, with additional tips and important details, together with a list of equipment and a word about cost. Free. Minnesota Mining and Manufacturing Company, 900 Fauquier Ave., St. Paul 6, Minn.

Making the Most of Your Human Resources. Included is a section on the organization of the manufacturing executive's job. Covered are how to select better supervisors, use existing technical personnel to better advantage and strengthen wage incentives. One company's approach is cited. A panel session and discussion of many of these problems are presented. Price is $1.25. Ask for Manufacturing Series No. 208. American Management Association, 330 West 42nd St., New York 36, N.Y.

Sales Training and Direction—This is the third in the series, "Managing a Business with the Help of Printing." Executives who are charged with the responsibilities of management and policy will find it of interest since it demonstrates the present day need for thorough sales training and proper direction of selling effort—and explains methods. It also contains case histories to stimulate creative thinking on business problems. Write S. D. Warren Company, 89 Broad Street, Boston 1, Mass.

Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.

To expedite receiving these booklets, please address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 33 So. Clark St., Room 1538, Chicago 3, Ill.

EFFICIENCY TIPS

354—Parsons Paper Company will send a new 24-page booklet, "How to Get What You Need in Record Keeping Papers and Index Cards." It covers how to organize and maintain adequate records; how to buy forms; what kinds of paper or card stock are necessary for various forms; and how long various types of business and professional records should be kept.

▼

355—Pitney Bowes, Inc. has a folder, "Get Your Business Day Started Sooner," which describes the company's small, medium and large mail openers, designed to fit into any office operation. Specifications and many factual data are included.

▼

356—Peerless Photo Products offers a wall chart containing a list of subjects which it is illegal to photocopy. The chart, available free, lists the following, among others, as being illegal to photocopy: bonds, auto registrations, passports, draft cards, drivers' licenses, Treasury notes and stamps.

▼

357—Charles R. Hadley Company will send "Management Control with Hadley Unispread"—a four way comparison in one unit. This covers the accounts receivable speed writing system; payroll speed writing system; 6-in-1 inventory, and 7-way business control.

▼

358—International Business Machines Corporation in "Payroll and Personnel" outlines the use of the IBM electronic statistical machine, Type 101, in the selection of personnel for training and upgrading, and discusses some of the payroll applications of the machine.

▼

359 — Globe-Wernicke Company's "Quick Facts with Visible Record Equipment" carries a complete description of the visible record equipment, and tells how to obtain fast accurate signaling with a saving of time.

BOOK REVIEWS

Business Finance Handbook—Edited by Lillian Doris. $10.00. Prentice-Hall, Inc., 70 Fifth Ave., New York 11, N.Y.

✦ Twenty-two experts have contributed their experiences to this volume to provide a solution for almost every kind of business finance problem. It could be called a guide for the managers of all-sized enterprises in the day-to-day financial administration of a business. Look up your problem in the Index, and you will be shown a full, detailed answer in explanatory text, charts and examples. Its 928 pages are divided into 25 chapters, each by a financial expert, offering a very detailed analysis of the various phases of capital, credit and collections.

Executive Pay Plans—By William J. Casey, New York attorney and J. K. Lasser, C.P.A. 160 pages. $12.50. Business Reports, Inc., 225 West 34th St., New York 1, N.Y. and Roslyn, N.Y.

✦ Among the many questions to which answers are given, in this research study by the two authors on taxation matters; are those which concern the company executive's obtaining of capital and providing for the security for himself and his family, and company methods of attracting talent and experience, plus—more important—retaining them.

Briefly, yet completely, the writers present the highlights of special executive pay plans devised by 100 companies. The authors successively discuss the auditing of compensation methods, deferred pay arrangements, group insurance and other security provisions, pension and profit-sharing, stock bonus and option plans, the grant of a stake in the business of closely held companies, combination plans, company use of insurance to finance and hedge the risks of future payment commitments, special company benefits, contractual arrangements to handle expenses, and suggested steps to operate beyond the bond salary stabilization rules. Tables play an important role in bringing out the thoughts of the authors.

Books reviewed or mentioned in this column are not available from CREDIT AND FINANCIAL MANAGEMENT unless so indicated. Please order from your book store or direct from the publisher.

(Concluded from page 27)

country should be taxable only in the country where the establishment is situated.

Tax Adjustment Advancement Called Big Step Toward Peace

JOHN F. COSTELLOE, *Tax Director, Radio Corporation of America, New York.*

There has been important and encouraging progress in making (tax) adjustments required for the continuance and growth of peaceful relations between nations, which we are coming to see ever more clearly as important not only to the interests of commerce but also as to the paramount interest in honorable peace.

Warns High Shipping Charges May Cost Much Business

G. F. DOHERTY, JR., *Vice President, American Express Company, New York.*

We are proud of our technocracy, of our business acumen and the funds we may have loaned or given to nations all over the world to help them in rehabilitation. Why, therefore, must the cost of exporting from the United States be made up of high shipping charges in loading, trucking and warehousing also?

Suggests Selective Approach To Settle Tariff Problems

R. M. FOWLER, *President, Canadian Pulp and Paper Association, Montreal.*

There is far too much talk about free trade between Canada and the United States. That goal is probably unrealistic and unattainable. But I urge that we should approach the problems of tariff reduction with more flexibility of mind . . . Why not make a selective approach to the problems of tariff revision? It should be possible to build up Canadian exports to the United States to provide goods that American consumers will need and to do so without damage to existing American industries.

Germany Returning to Status As a Great Trading Nation

ANDREW L. GOMORY, *Vice President, Manufacturers Trust Company, New York.*

Through American Marshall Plan aid, through its own industry, through tax policy furthering exports, as well as through long-term credits and guarantees, and proper money management, Germany has placed itself in a position whereby under stable political conditions it can again be considered as one of the great trading nations of the world.

Agreements on Longer Term Of Reciprocal Pacts Favored

W. ROGERS HEROD, *President, International General Electric Company, New York.*

We could establish selectively the form and minimum level of protection line by line—some up, some down—and then for an appropriate reciprocal engagement along with others bind ourselves not to increase the protection in form or amount for say five years, or unless prosperity wanes by some definite measurable amount, such as, say, 5 per cent in our per capita gross-national-product. Such a program . . . would assist progress toward foreign convertibility.

Steps to Increase Investment Abroad By U.S. Companies

Says Overseas Investments Can Profit More Than in U.S.

WALTER L. LINGLE, JR., *Vice President, The Procter & Gamble Company, Cincinnati.*

Truly voluntary investment overseas by United States companies may currently be running somewhat less than 3 per cent of the United States corporate investment dollar . . . An overseas investment often can and, because of added risks, should return more profit per dollar invested than an investment in the United States. There has been too much emphasis in speech and writing on the negatives facing overseas investors . . . Too few U.S. corporations have put enough top management time against a full and proper consideration of overseas investment opportunities.

Calls U.S. Controlling Factor For More Free Currencies

SIR ROGER MAKINS, *K.C.B., K.C.M.G., Ambassador of Great Britain to the United States.*

The year holds out a better promise that we shall achieve the goal common to Britain and the sterling area, to the Western European countries, to the United States and to Canada, namely, a system of freer trade and freer currencies for the free world.

We cannot be satisfied until trade flows as freely between the dollar area and other monetary areas of the world as it does within those areas . . . The ultimate controlling factor must be the United States.

Cultural Background Training Urged for Overseas Managers

WILLIAM C. SCHMEISSER, JR., *Vice President, Foreign Service Education Foundation; Trustee, School of Advanced International Studies of The Johns Hopkins University.*

There are certain things which our representatives can do to help themselves. They can acquire some knowledge of the country's history. To this should be added a knowledge of the country's economic institutions and an understanding of the domestic and international problems with which that country is faced. Religion is a factor of varying importance. Finally, it will not hurt to know something of the country's politics and its political institutions.

Deplores Ad Budget Cuts "When the Going Gets Tough"

ALLEN MULFORD, *Commercial Vice President, International General Electric Company, New York.*

There is one tendency on the part of Management which I believe unfortunate, namely, to cut an advertising budget when the going gets tough. I would ask that you executives of export business discard any prejudices you may have against foreign advertising costs in the face of existing circumstances.

Security Declared Dependent On More Trade with Allies

JUAN T. TRIPPE, *President, Pan American World Airways, New York.*

Could we not provide the tariff stability and continuity needed by businessmen abroad, to fairly compete in the American market, were the Reciprocal Trade Agreements Act extended by legislation for two years—with a mandate to the Tariff Commission to review, in the interim, all present tariff schedules?

Seven Factors Called Vital To Management Training

CHARLES H. TIEDEMAN, *Manager, Employee Relations, Westinghouse Electric International Company, New York.*

The following are vital factors in the development of executive management for foreign trade: personality; basic educational background; knowledge and understanding of the social customs, habits and problems of the people in the immediate territory; knowledge of the history and geography, of foreign trade and basic factors affecting it, of the company's products, policies and management practices, and continuous guidance and counsel in such practices.

Suggests Fair Competition Policy for World Trading

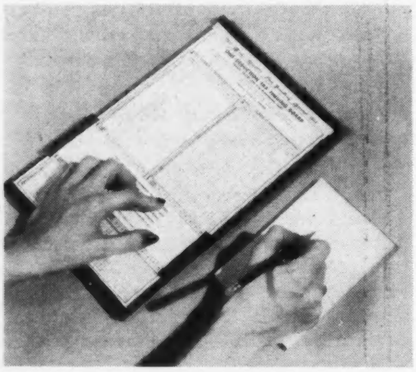
SINCLAIR WEEKS, *U.S. Secretary of Commerce.*

Progress will be possible only if foreign countries forsake their import and exchange quota systems, eliminate multiple exchange systems, pursue sound money policies at home, permit the nondiscriminatory entrance of foreign capital, and take all other steps leading to the ultimate goal of reestablishing convertibility of currencies and multilateral trade.

I propose that we think of the establishment of a new policy in international trade matters, a policy which I shall label *fair* competition—hard, tough, fighting competition, but *fair* competition. I suggest that the Randall Commission consider whether our tariff legislation should not be gradually replaced by a policy which would bring about fair competition, by legislation which protects the American standard of living by taking account in some fair degree for wage differentials, after first making due allowance for relative productivity. We cannot afford to sacrifice America's high wage policy.

Modernizing for Office Efficiency

introducing new office equipment and systems to effect economies in labor and cost, as well as to speed production of essential office work



Calculates New Deductions

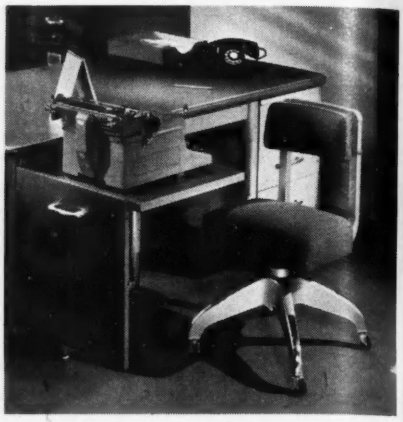
A new, fast, accurate calculator that provides a single deduction figure, which includes both individual income and FICA taxes, has been introduced by the Graphic Calculator Company, 633 South Plymouth Court, Chicago 5, Ill. Called the Wage-Master ONE-DEDUCTION Tax Finding Board, it shows at a glance a single deduction which combines the new 1954 withholding tax deductions for all exemption classifications and FICA deductions at the 1954 two per cent rate on any wage-amount. The operation is simple. One hand on the guide-slide quickly moves it to the desired wage figure, and deduction is read without further computations. In addition to tables of combined tax deductions, the Board also shows FICA deductions alone. The Tax Finding Board is only 7½" x 12" in size, and fits easily into a desk drawer. New tables are available at small cost if taxes change.

Pay Statements Cut 8 Inches

Development of a new accounting machine which uses a narrow check stub, and reduces the overall size of pay statements by at least eight inches, has been announced by the UNDERWOOD CORPORATION, One Park Ave., New York 16, N.Y. The simplified payroll accounting machine is said to do away with horizontal "spread" statements of the telescopic folding variety, and will list as many as 16 earnings and deductions vertically on a stub 3½" long. Adoption of a compact column form with room for 20 totals or control balances enables preparation of a pay statement, tax record and complete pay journal in a single operation. The new design permits automatic selection of registers. When a check is written, it is automatically ejected and stacked numerically in a check bin. Other features, all automatic, include voiding of pay checks when deductions exceed earnings, consecutive numbering, printing of dates, opening and closing of front feed carriage and printing of all balances, stored column totals or subtotals. Operators can be trained quickly and high speed posting is started immediately, says the company.

Four-Way Work Simplifier

The SWINGLINE 77, manufactured by Speed Products Company, Inc., 32-01 Queens Blvd., Long Island City 1, N.Y., is a versatile four-in-one desk stapler-plier-tacker with a compartment for extra staples. When used as a desk model, a flick of the wrist takes it out of its plastic base, revealing a pocket that holds a reserve of 500 staples. The stapler is then a portable plier, for pocket or briefcase, fastening at filing cabinets, etc. With another twist the base swings back and the stapler is a tacker for fastening objects to wall, shelves, or bulletin boards. The device also features a special panel at the top for personalizing and an open channel designed for quick loading.

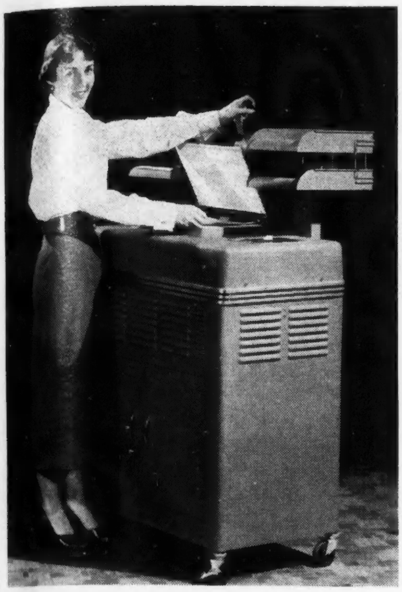


More Comfort for Typists

The 20TH CENTURY, a newly designed posture chair for typists and stenographers, is available from the Do/More Chair Company of Elkhart, Ind. The chair has a molded foam rubber backrest and seat, with a "waterfall" front developed to eliminate undue pressure behind the knees. A non-tilting back of squared tubular steel provides maximum support. Other features are the one-piece cast aluminum trim and the rubber bumper guards, to prevent back supports from scarring desk or wall. The chair comes in a variety of finishes, including brown, green, mahogany and blonde maple, with covers of top grain or machine buff leather, vinyl resin cloth or other fabrics. The manufacturer will be glad to explain the "Posture Seating Service," if you will write the company on your letterhead.

Here's "Card That Walks"

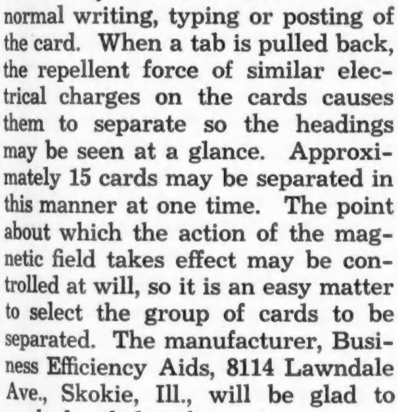
The distinctive feature of the MAGNE-DEX visible filing system is its use of the principle of magnetism. At the touch of a finger, magnetic force makes a whole section



of cards fan out and stay in position for quick spotting of the information needed. At the top of each MAGNE-DEX card are embedded two tiny metal strips, which become magnetized when placed in the accompanying tray. These strips are so small they do not interfere with normal writing, typing or posting of the card. When a tab is pulled back, the repellent force of similar electrical charges on the cards causes them to separate so the headings may be seen at a glance. Approximately 15 cards may be separated in this manner at one time. The point about which the action of the magnetic field takes effect may be controlled at will, so it is an easy matter to select the group of cards to be separated. The manufacturer, Business Efficiency Aids, 8114 Lawndale Ave., Skokie, Ill., will be glad to send detailed information on request.

16 Times Faster Than Typing

A new THERMO-FAX Duplicator, called Model No. 12-C, has been announced by MINNESOTA MINING & MANUFACTURING COMPANY, 900 Fauquier Ave., St. Paul 6, Minn. The duplicator produces copies at the rate



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of one full page each 15 seconds, approximately 16 times faster than a typist can recopy a full-page letter, says the 3M company. Operated in normal office light on standard electric current, the machine needs no dark room, no processing, chemicals or negatives. It is about one-third the size of a desk, and can be operated by any secretary. Duplication is produced by a controlled beam of infra-red light which sends rays through the heat sensitive Thermo-Fax paper to the original.

Stand for Heavy Typewriters

A practical innovation in work stands for heavier electric typewriters, calculators and other office machines is announced by WEBER BROS. METAL WORKS, INC., 108 N. Jefferson St., Chicago 6, Ill. Modern streamlined styling, called "sway-proof," is achieved by use of a heavy gauge tubular steel base in gray baked Hammertone finish. The stand is mobile, as its "elevator" construction permits quick shifting from solid, rubber-tipped feet to noiseless rubber composition rollers—and back—in seconds. All sharp edges, angles and crossbars have been eliminated, and greater leg room is provided. The height of the table is 27¾" to assure a convenient working level, with a top measurement of 17½" by 22¾". An extension leaf 12¾" by 23¾" provides space for notebooks and correspondence.

Three Microfilming Methods

Three methods of microfilming, five reduction ratios and a choice of 16mm. or 35mm. film are available in a new microfilmer announced by Recordak Corporation, 343 State St., Rochester, N.Y. This SUPERMATIC offers the standard, duo and duplex methods. The standard utilizes the full width of film for each exposure. The duo photographs the fronts of documents down one-half of the film width, and then up the other half. The duplex simultaneously photographs fronts and backs of documents, side-by-side on the film. The machine provides reduction ratios of 40 to 1, 32 to 1, 25 to 1 and 20 to 1 using 16mm. film. At a ratio of 18 to 1, 35mm. film can be used with the duplex method to obtain large,

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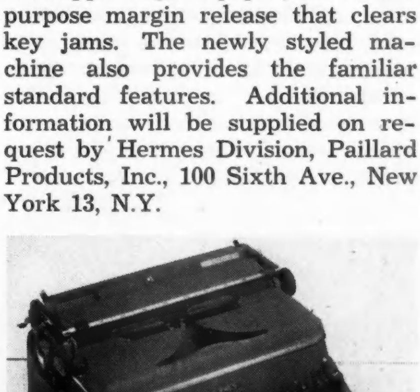
When writing to the makers of these products please mention that you read about them in CREDIT AND FINANCIAL MANAGEMENT.

side-by-side pictures of fronts and backs of accounting forms, statistical records and other material containing numerous closely spaced entries. The automatic feeder handles per minute more than 500 checks and small card-size records or 200 letter size documents, and an electric counter keeps a record of the number photographed.

New Features in Portable

Now available is the new MODEL 2000 (gray) HERMES portable typewriter, precision-built in Switzerland. Some of the features of the new machine are: automatic margins and key-set tabulator; key-set tab stops which may be cleared singly or together; lucite card holders, perforated for line drawing on stencils and forms, as well as a graduated scale to permit reintroduction of a typewritten sheet in perfect alignment; automatic paper insertion and intermediate paper table simplifying erasures and implementing written notations without supporting the paper; and a dual purpose margin release that clears key jams. The newly styled machine also provides the familiar standard features. Additional information will be supplied on request by Hermes Division, Paillard Products, Inc., 100 Sixth Ave., New York 13, N.Y.



LETTERS TO THE EDITOR

DOG-EARED PAGES

"Your magazine, Credit and Financial Management, is well accepted here. As a matter of fact, all of top management is on the routing list, and by the time it finally gets to me, the pages are pretty well dog-eared. We think you have done an excellent job!"

T. E. Gunderson,
Credit Manager, Telex, St. Paul, Minn.

VERY FINE

"Both the presentation and the contents of the last issue, as well as other issues I have read for some time past, have been very fine."

G. C. Giessing
Manager, Credit Dept., Valier & Spies Milling Company, St. Louis, Mo.

CURE No. 9

"I have just read with interest the story appearing in the box in your article 'Trends—in Business and Finance,' which was printed in an issue of your magazine. The story concerns eight cures for an unhappy secretary. I heartily concur with the makers of this survey, but I think they omitted one important 'cure' which would give a secretary a new outlook in any situation, good or bad, and that is:

"(9) Give her an increase in salary whenever it is merited, without her having to ask for it.

"The 'jingle of the guinea' cures a lot of unhappiness."

(Miss) Martha E. Stith
Secretary, Credit Department, Badger Lumber Company, Kansas City, Mo.

READ WITH INTEREST

"I am sure you will be pleased to know that your publication is read with interest by everyone here at the home office, and we always look forward to receiving our monthly copy."

A. H. Baumgartner
Assistant Vice President, American Credit Indemnity Company, Baltimore, Md.

ESPECIALLY LIKED

"About a month ago Credit and Financial Management and I became acquainted. Since that time I have read several articles in past issues and found them very beneficial. The page on 'Efficiency Tips' is one on which you should indeed be complimented."

John V. Morrissey
Notre Dame, Ind.

"I have read the most interesting and worthwhile article on monetary theories (J. S. Draper). Am wondering if you could spare me tear pages of this article."

J. F. Finnegan
Fairport, N.Y.

"I would appreciate receiving a copy of 'What Sales Leaders Expect of Creditmen,' that was recommended for readers in a recent issue of *The Management Review*. I also note 'Good Credit Training for Better Salesmen' mentioned. I would appreciate receiving this also."

Mary H. Roberts
General Reinsurance Corporation, New York, N.Y.

"I read with much interest the article by Howard J. Fichtner. I find this is a most interesting article and certainly covers the problems of sub-contractors today. If possible, I would like very much to have 15 or 20 reprints for which you can bill us."

C. M. Welch
Welch-Erwin Corporation, Albuquerque, N.M.

FREQUENT OCCURRENCE

"Someone has carried off our November and December copies of Credit and Financial Management. As we want to carry a complete file, will appreciate it if you will forward copies of these two issues to us."

John S. Vincent
Credit Manager, Security Paint Manufacturing Company, Los Angeles.

READERS RESPOND

"Thank you very much for publishing my letter. I had a number of replies, and it certainly was a refreshing experience to know that a number of individuals took the time to send letters. In a few instances, very complete comments were made in respect to systems, and a number of forms were sent to me."

H. S. Tholen
Credit Manager, Hamilton Watch Company, Lancaster, Pa.

EDITORIAL REPRINTS

"In one of the issues of our Credit and Financial Management the lead editorial by Henry A. Heimann, executive vice president of the Association, deals with insurance as a credit asset. We are wondering whether it is possible to obtain reprints of this editorial, or, if that is not the case, whether or not it is permissible to copy this editorial for distribution among our dealer organization."

V. E. Janssen
General Credit Manager, Minneapolis-Moline Company, Minneapolis, Minn.

Ed. Note:* Credit and Financial Management *is glad to cooperate in the granting of permission to reprint articles whenever possible, provided specific request for authorization is made in writing to the editor.

ORCHID

"You are to be congratulated on a very fine magazine."

A. C. Knight
Rising Paper Company, Housatonic, Mass.

Meet Challenge of '54 Is Convention Keynote

By **FOREST U. NAYLOR**
General Convention Chairman

(Mr. Naylor, credit manager of the Pacific Gas and Electric Company, San Francisco, is president of the Credit Managers Association of Northern and Central California.—Ed.)

"MEET the challenge of '54" is the keynote of the 58th Annual Credit Congress in San Francisco May 16-20. The unusual credit problems arising from the impact of intensive competitive selling, and other important issues confronting business, will be deliberated. The program is organized primarily to present information and develop ideas pertinent to specific as well as general problems confronting credit men. In addition, many special events have been arranged by the host association, the Credit Managers Association of Northern and Central California.

Delegates, upon arrival, will be welcomed by the Oakland Herd of the Royal Order of Zebras. The registration reception committee is planning to present the registration envelope to each delegate upon arrival at his or her hotel.

On Sunday afternoon, May 16, there will be a reception and tea. Sunday evening's entertainment will feature San Francisco's celebrated "Singing Troubadours" and guest artists.

The general session program for Monday morning and afternoon will include distinguished speakers and a discussion of important current events by the financial editors of San Francisco newspapers. The credit women are arranging for a luncheon meeting Monday noon. The hostess committee will entertain the visiting ladies at luncheon, followed by a style show by Saks Fifth Avenue. The president's reception and ball will be Monday evening, with special entertainment provided.

Tuesday morning and afternoon will be devoted to the Congress of Industry Group Meetings. Over thirty groups have organized their programs, including guest speakers and panel discussions of specific credit problems. The primary objective of these group sessions is to pool experiences in the solution of credit problems of today in each field of operation and industry. The visiting ladies will be taken on a sightseeing tour of San Francisco on Tuesday afternoon. The entertainment for Tuesday evening is being planned as a "Night in Hawaii."

The general session Wednesday morning will feature addresses by nationally known speakers and a panel discussion by bankers and mercantile credit executives. At luncheon on Wednesday the foreign credit chapter is having a special program followed by an international trade conference during the afternoon.

The entertainment committee is arranging for sightseeing tours Wednesday afternoon. All delegates have a choice of tours: (1) San Francisco, (2) Golden Gate Bridge, Marin County and Muir Redwood Grove, (3) across the San Francisco-Oakland Bridge to Piedmont, Berkeley and the University of California. The entertainment Wed-

(Concluded on following page)

GOING UP? That is, going out to San Francisco for the 58th Annual Credit Congress May 16-20? You'll climb California street in one of these cable cars.

nesday evening will be a "Gay Nineties Revue." Earlier that evening the credit women will have their annual banquet, with a program of guest speakers and entertainment.

The Royal Order of Zebras is having its annual business meeting and election of officers at a luncheon on Wednesday. That evening the Zebras will have a stag party, arrangements for which are being made by the Oakland Herd.

The Zebras will be much in evidence long before their own sessions, however. As official greeters the members of the Oakland Herd are polishing the details of assisting the welcome and hospitality committees.

Thursday morning will be the concluding general session. The program will include distinguished speakers, report of the nominating committee and election of officers. On Thursday afternoon the entertainment committee is arranging for sightseeing tours for those delegates who could not make the Wednesday trip.

In general sessions and group meetings, therefore, the developing program assures delegates of topmost information and suggestions for improved financial management, by experienced speakers, in panels, and through discussion and fellowship contacts. The entertainment arrangements have much for everyone.

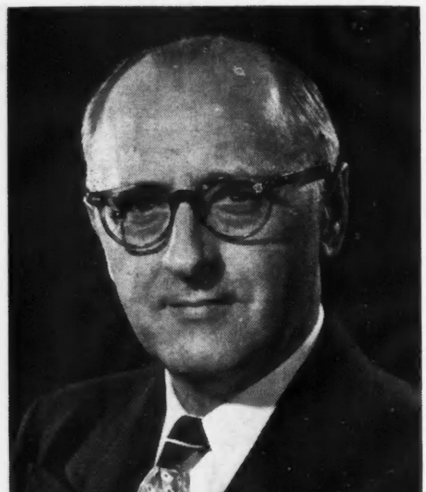
So *now* is the time for you to make your plans to attend this Credit Congress. With the business, finance and credit conditions confronting us today, it is significant that some 2,400 leading credit executives from all parts of the nation will meet in San Francisco to discuss ways and means of coping with new problems. The entire business conference program is being keyed to presentation of timely and worthwhile material that will help you "Meet the Challenge of '54."

Speed Honolulu Tour Plans

Preparations for the Post-Convention Hawaiian Tour are at full momentum, with the many inquiries pointing the way to a program of interest to crowd every minute of the trip to Honolulu.

Fourth Credit Management Workshop in Detroit April 14-16

"Credit Department Organization —Blueprint for Progress" will be the general theme of the fourth in the Credit Research Foundation's Credit Management Workshop series, April 14, 15 and 16 at the Whittier hotel,



Forest U. Naylor

Detroit, Mich. It follows the two workshops on "People—Your Key to Better Credit Operations," one last October at Arden House, Harriman, N.Y., the other this February at Moraine-on-the-Lake, Highland Park, Ill. The first Foundation Workshop was held in Cleveland.

Dr. Carl D. Smith, managing director of the Foundation, says the Detroit subject, particularly pertinent in a competitive era, was selected after repeated requests by members of the Graduate School of Credit and Financial Management, the Foundation, and the National Association of Credit Men who have participated in previous workshops. The discussion will center on how credit department organization can be improved.

Sessions will begin at noon of the first day and end at noon of the third day. First will come case discussions on the place of the credit department in the company organization, department size and composition, centralization vs. decentralization, and 'line' vs. 'staff' organizations. The second topic will have to do with internal organization and functional breakdown. Third come position specifications and personnel qualifications, and planning of functions, including specialized or general credit responsibilities, personnel recruitment, training and continuing education. Next will be a study of evaluation, promotion, dismissal, succession and remuneration. Finally there will be a clinic discussion of specific problems. Each participant is being asked to bring at least one specific problem.

Inquiries are addressed to Dr. Carl D. Smith, Managing Director, Credit Research Foundation, 229 Fourth Avenue, New York 3, N.Y.

T. C. Cortright Heads Boston Fraud Prevention Committee

Under the chairmanship of Thomas C. Cortright, Jr., manager of the Boston branch of Diebold, Inc., the Boston Fraud Prevention Committee has been formed to cooperate directly with the Fraud Prevention Department of the National Association of Credit Men. Organization of the local committee follows action by the board of the Boston association and its president, Ralph H. Mullane, of Liberty Mutual Insurance Company. Chairman Cortright is also a board member.

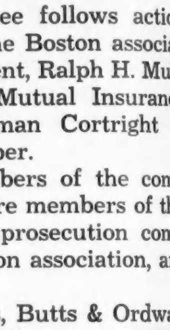
T. C. CORTRIGHT, JR.

The seven members of the committee, who also are members of the investigation and prosecution committee of the Boston association, are as follows:

M. Parker Butts, Butts & Ordway Co.; Ernest P. Clausmeyer, The Century Paper Co., Inc.; William A. Couillard, Otis Elevator Co.; Michael V. Leonard, Perkins-Milton Co.; Perry S. Lobdell, Laminated Sheet Products Corp.; John J. Lynch, L. H. Hamel Leather Co., and Charles E. Reid, Gilman Brothers, Inc.

Harvard Honors W. J. Dickson As George F. Baker Scholar

William J. Dickson, associate director of education for the Credit Research Foundation, National Association of Credit Men, has been selected as a George F. Baker scholar, it has been announced by Donald K. David, dean of the Harvard Graduate School of Business Administration.



W. J. DICKSON

Mr. Dickson, with the Foundation since July, 1953, received the award for work done last year in the Harvard graduate school. He was one of 15 men (the top two and one-half per cent) selected from the class of 614 for the scholastic award.

Holder of the B.S.B.A. and master's degrees of the University of Arkansas, where he was top man in his class, Mr. Dickson is a provisional candidate for the degree of doctor of commercial science of the Harvard graduate school.

Amended Claim, Garnishment, Referee Fee

FROM P. 8

holders of the mechanic's liens were held to be subordinate to the United States tax claims. The decision in this case appears to be in direct conflict with *In re: Taylorcraft Aviation Corp. 168 F(2) 808*, where the affidavit to perfect the mechanic's lien against property in the State of Ohio was filed 12 days after the Government filed its notice of tax lien.

In a New York case where a mechanic's lien was recorded before the filing of a federal lien for taxes, it was held that an assignee for value of the mechanic's lien was a "purchaser" entitled to priority over the federal tax lien *(Grossman v. City of New York, 66 N.Y.S. (2) 363.)*

Effect of Amended Claim for Taxes in a Bankruptcy Case

IN another case, the court of appeals for the 9th circuit made a decision which is questionable to say the least and will warrant careful watching if it is appealed. Arthur Hoffman was bankrupt. The first meeting of creditors and the last day to file claims was Nov. 22, 1950. On the day before the last day to file claims, the United States, through its appropriate collector, filed a claim for $595.33 covering withholding taxes for the first quarter of 1950 ($510.90, federal insurance contribution for the same period, $84.12, and interest, 21 cents.)

Six months after the time to file, claims expired. Without obtaining any order extending time to file, the collector filed an "amended additional claim" for income taxes in the amount of $5,215.32 owed by the bankrupt and his wife for 1944, 1945 and 1946. When the trustee objected to the "amended additional claim," the attorney for the collector acquiesced in the ruling of the referee which sustained the trustee's objections. The bankrupt, however, appealed to the district court on the ground that he was aggrieved by the referee's decision.

The ruling of the referee had the effect of continuing to impose an enlarged amount of personal liability on the bankrupt for income taxes which would not be discharged by the bankruptcy, because the Government's claim would not be allowed in the bankruptcy proceeding.

The district court reversed the referee, and the court of appeals upheld the district court, on the basis that the "amended additional claim" made no change in the basic ground for recovery set out in the earlier claim filed with the referee.

It is a fundamental rule that if the amended claim was a new, different, separate and distinct claim, it could not properly be filed after the date for filing expired. It was stated in the original claim "that the nature of the debt is internal revenue taxes due pursuant to law as follows": then follows an item of "withholding taxes." The later claim is identical in expressing the nature of the debt but is followed by an item of "income taxes."

The court of appeals went on to say that the questioned claim in suit contains only a statement of additional items amplifying a species of tax relationship and obligation that was asserted in the original claim and which continued to exist between the bankrupt and the sovereign taxing authority relative to income taxes. Since withholding taxes (the court said) are income taxes, both "are demands of the same generic origin," and do not change the basic ground for recovery set out in the earlier claim filed.

FEDERAL tax problems are a forte of Victor R. Wolder, counselor-at-law, New York City, handling cases in the Treasury Department, United States Tax Court, and other federal district and appellate courts.

Mr. Wolder is a contributor to legal and financial publications and a frequent speaker before associations.

It can be said that the reasoning of the court is dubious. The original claim filed related to the tax year 1950. The later claim related to the tax years 1944, 1945 and 1946. A study of the cases reveals that if a taxpayer after the running of a statute of limitations sought to amend a claim for refund of taxes by claiming a refund in a year different from that asserted in the original claim, the new years asserted would be barred.

Question of Garnishee Having Priority to Federal Tax Lien

IN a recent case decided by the U. S. district court, Jefferson County, Texas, it was held that a lien under writ of garnishment was entitled to priority over a federal tax lien, where the writ of garnishment was served prior to the filing of the notice of federal tax lien but the judgment supporting it was not obtained until afterwards.

In this case, *Standard Brass and Mfg. Co. v. Jefferson Chemical Co.*, decided 6/6/53, the Jefferson Chemical Company was indebted to the Union Insulation Company for $2,700. On June 6, 1951, Standard Brass served a writ of garnishment on Jefferson. On July 16, 1951, Standard Brass obtained a judgment against Union for $5,900. The federal government had a tax lien against Union for $1,900. The assessment was made May 22, 1951, in Washington, D.C.

The assessment list was received in Texas May 28, 1951 by the collector, who issued a warrant of distraint June 5, 1951. Notice of tax lien was filed with the county clerk June 25, 1951.

Under these facts it was held that, since the garnishment was made prior in time to the filing of the federal tax lien, the tax lien was subordinate to the garnishment. This was so even though the judgment obtained by Standard Brass was rendered subsequent to the date of filing of notice of the federal tax lien.

Ruling in Case of Referee's Fee and Government Tax Lien

IN *Hardy Plastics & Chemical Corp., debtor, U.S.D.C. Ed. N.Y. 6/9/53*, the debtor filed a petition under Chapter IX. Its plan of arrangement later was confirmed by the court. In the arrangement proceeding, the director of internal revenue filed a claim for federal taxes in the amount of $83,000. Prior to commencement of the Chapter IX proceeding, the director had perfected and filed notices of tax liens for $58,000, and on that same day asserted liens against certain accounts receivable which were paid to the director in the amount of $9,000. Prior to the confirmation of the plan, the director and the debtor entered into an agreement providing for the allowing of the tax claim in full, and providing for $10,000 cash payments, the balance in monthly installments secured by a chattel mortgage on the machinery, fixtures and equipment. Under the plan, the unsecured creditors were to receive 25 per cent of their claims.

Under the costs of administering

(Concluded on page 38)

Private Reproduction of Official Tax Forms OK'd

Mechanization in the office may be extended to include reproduction of ten official tax forms (see list below) in accordance with an Internal Revenue ruling (Sec. 29.54-1, 1953-2, Rev.Rul. 5) that certain federal income tax return forms may be reproduced and used for filing purposes in lieu of the applicable official forms.

To meet the reproduction conditions laid down by the Bureau (photostats generally do not meet all the conditions) a duplicating process (Addressograph-Multigraph Corporations points to its multilith process), will produce the desired copies from either a longhand or typed master sheet. The savings in statistical typing time are particularly important in the tax season, as is proofreading time (proofreading is done once, corrections made once). Clients may be given as many copies as they desire at no additional cost, as up to hundreds of copies may be run off from one master sheet.

The forms listed by the Internal Revenue service as acceptable for reproduction are: U.S. Individual Income Tax Return, Form 1040; Form 1040A; Schedule D (Form 1040); Form 1040F; Declaration of Estimated Tax, Form 1040-ES; Fiduciary Income Tax Return, Form 1041; Partnership Return of Income, Form 1065; Corporation Income Tax Return, Form 1120; Schedule of Gains and Losses from Sales or Exchanges of Property, Schedule D (Form 1120); Computation of Corporation Excess Profits Tax, Schedule EP (Form 1120).

President 30 Years Ago

When the Detroit Association of Credit Men held its annual past presidents' night it was honored by the presence of Thomas M. Simpson, who was president 30 years ago. Mr. Simpson came from Dayton, Ohio, to attend the meeting. Among the twelve former leaders of the Detroit Association who were present were three who are now presidents of their companies.

Syracuse Panel on Credit

A one-day New York State conference on consumer credit, which will include panel discussions from the standpoint of the public interest, of the consumer, and of business, will be held at Syracuse University, Syracuse, N.Y., on April 15. Arno Johnson, vice president and director of research, J. Walter Thompson Company, New York City, will be the principal speaker at the luncheon session.

Honors to Davis

THE 25 YEARS' service to the New York Credit and Financial Management Association by its executive vice president, Mortimer J. Davis (right), signaled this expression of appreciation by the board members, whose signatures, with those of many former officers and directors, are engraved upon the silver tray. Making the presentation is George J. Schatz, vice president of Commercial Factors Corporation and association president.

Consumer Credit-Management Is Columbia Seminar Theme

A five-day program sponsored by the Graduate School of Business of Columbia University in cooperation with a group of national and New York State business and finance associations, to be held July 25-30 at Arden House, Harriman, N.Y., will consider consumer credit policies and practices from top management's viewpoint.

Dr. John M. Chapman, professor of banking, will direct the program of 18 sessions, which will bring together business executives and specialists. Classes are limited to 50 executives. During the session the "students" will live at Arden House, 50 miles north of New York City.

New Business Income Tax Asked by New York Mayor

Seeking to avert further business exodus from New York, the city's new mayor, Robert F. Wagner, Jr., plans to ask the right to impose a business income tax, which he believes would distribute the business tax burden more equitably by basing it on the ability to pay as measured by profits. This tax would supplant the city's gross business and financial taxes, called a major cause for flights of business in the past, because based on volume of business and taxing concerns that operate at a loss. At the same time he will ask repeal of the unused state law which gives the city the right to impose a payroll tax, payable equally by employers and employees.

The business income tax should yield $96 millions, or $20 millions more than the amount now derived by the gross business and financial taxes, according to studies made by the mayor's staff. This is $10 millions less than business would have to pay if the city retained the business and financial taxes and utilized the payroll tax.

The gross business tax imposed by the City of New York is levied at the rate of one-fifth of 1 per cent of gross receipts for general business concerns, and four-fifths of 1 per cent for financial businesses.

The mayor discussed his tax plans with Governor T. E. Dewey.

BOSSES' NIGHT IN BIRMINGHAM—or "Capers in a Capitalist Society." Speakers' table at the Wholesale Credit Women's annual dinner affair shows (l to r): Mrs. Joy G. Woosley, entertainment director; Mrs. Connie Landers, corresponding secretary; J. W. Fitzpatrick, president, Alabama Association of Credit Executives; Mrs. Hazel Miller, recording secretary; Miss Murial Williams, toastmistress; Warren Whitney, guest speaker; Miss Loraine Day, president of the Women's Group; Mrs. Floyce Cunningham, publicity chairman; W. C. Darby, secretary manager, Alabama Association of Credit Executives; Mrs. Ruth Bethea, treasurer.

It Ain't Necessarily So!

Uncle Sam may get his revenue earlier but that does not mean he gets any more revenue.

Today's tax rules are "improperly advancing the reporting of income and improperly deferring the deduction of expenses and losses, producing utterly erroneous and distorted results."

These charges are contained in a report submitted to Rep. Daniel A. Reed (R., N.Y.), chairman of the House Ways and Means Committee, by a special committee of certified public accountants, appointed by the American Institute of Accountants.

The committee finds that clashes between tax rules and accounting principles involve chiefly questions of when certain types of revenue and expense should be recognized, and urges legislation to restore generally accepted accounting principles as the basic standard for tax accounting.

Cited is the example of a landlord receiving rent in advance. He is required by the tax rules to report the whole amount as income when received, even though his expenses for the future period covered by the rent will not be deductible until later. Under generally recognized accounting principles this rent would be counted as income during the periods to which it applies, which might mean spreading it over several years.

The report and recommendations of the special committee have been published by the Institute in a 28-page booklet.

How Allowing 20% Annual Depreciation On New Assets Would Add Tax Revenue

The American Cotton Manufacturers Institute has presented to the House Ways and Means Committee a proposal which would permit taxpayers to elect to depreciate productive equipment on the basis of its useful life as determined by them. Limitations as to minimum lives are: buildings 10 years; machinery 5 years; automobiles and short-lived personalty 2 years. There is no restriction as to maximum life.

How the proposal, which would permit depreciation on new assets at the rate of 20 per cent per annum should increase government revenue and not, as is commonly supposed, decrease it, is explained by Roger Milliken, of Deering, Milliken & Company, New York.

More Profits, More Taxes

(1) The step-up in equipment purchases in all fields would create more profits and result in more taxes paid by everybody benefited.

(2) Let us assume that the present nationwide rate of depreciation on machinery, equipment and other new capital formations is 5 per cent (a conservative figure). Contrasted with that, the proposal would allow taxpayers to elect (if they so desire, and not all would) to depreciate at the full rate of 20 per cent. On an investment in new equipment of one million dollars, this could reduce the income on which the government would assess tax by $150,000.

No concern, however, invests a million dollars in new equipment unless it expects to get a return of 25 per cent before taxes on this investment. This means that by spending the million dollars the company would have additional taxable income of $250,000.

This results in $100,000 more taxable income per million dollars of investment after taking the full new allowable rate of depreciation. (Some may argue that a 25 per cent return on new capital expenditures is high, Mr. Milliken notes. Actual experience would show the figure to be nearer 33⅓ per cent, which would be even more favorable to the government. But even if it were only 15 per cent, which after all is only 7½ per cent on the investment after taxes, it would be a standoff and the government would not lose any money by allowing this accelerated depreciation.)

The reasons given for recommendation of the proposal as outlined by the Institute are: (1) the average age of machinery in industrial plants is much older and more antiquated than is popularly believed; (2) it is necessary to provide incentives to step up purchases of new plant and equipment; (3) the installation of the new machinery will result in increased productivity which in turn will bring about a further improvement in the standard of living; (4) the increased business activity would lessen the impact of military cutbacks and tend to check economic recession; (5) business must be encouraged to keep plants as modern and efficient as technology permits "if we are to maintain productive capacity in better shape than that of any potential aggressor."

PRIORITY OF LIEN FROM P. 35

the estate, the referee charged 1½% of the $83,000 tax claim, or $1,200, as statutory fees for the referee's salary fund and the referee's expense fund. In so doing, the referee treated the entire tax claim as an unsecured claim within the meaning of Section 40c(2) of the Bankruptcy Act.

On review, the referee deducted from the $83,000 the $9,000 payment obtained prior to the petition in the Chapter IX proceeding being filed.

The debtor further objected on the ground that notices of tax lien filed for $58,000 prior to the filing of the petition in the arrangement proceeding took the tax claim out of the category of "unsecured creditor" upon which the fees of the referee were to be computed.

Secured Creditor Status

The district court, after reviewing Sections 3670-3672 of the Internal Revenue Code, held that the Government's claim was that of a secured creditor; that the lien for taxes is by way of security upon specific property and assets. Such tax lien is payable from the value of the assets to which it attaches. The question of security is different from a question of priority. When the Government made its agreement with the debtor to take deferred payments, the Government did not waive its lien for taxes. Since the notice of lien filed prior to the arrangement proceeding was for $58,000, the district court held that the director was a secured creditor to that extent, and that the referee's charge of 1½ per cent for administering the estate should not be allowed on the $58,000.

CREDIT AND FINANCIAL REPORTER

Brief Items on Credit Activities and Meetings

DALLAS, TEXAS—Through the courtesy of Ford Motor Company, the film "The American Thought," which has transportation as its theme and portrays American customs for the period 1903-53, was presented before the Dallas Wholesale Credit Managers Association.

DES MOINES, IOWA—"The Farm Outlook and Its Effect on Our Business" was the topic of Don Ross, merchandising manager for *Successful Farming*, at the combined meeting of the feed and seed and farm machinery groups of the Central Iowa Unit.

ROCHESTER, N.Y.—"You Can Be Cheated," a study of methods used by professional "sharks" and swindlers was speaker Irv Wermont's topic at the joint meeting sponsored by the Rochester Association of Credit Men and the Rochester Retail Credit Association.

"The Influence of Credit in the World of Tomorrow" was the theme of an address by Henry H. Heimann, N.A.C.M. executive vice president, at the Bankers' night meeting of the R.A.C.M.

The National Institute of Credit had as guest speaker at its monthly meeting R. C. Hossfeld, manager investment department, Fireman's Fund Insurance Company, who discussed the "Economic Outlook for 1954."

GRAND RAPIDS, MICH.—"Credit Panel," presented by the Grand Rapids Association of Credit Men, answered questions turned in by members in advance of the meeting. Moderator was A. F. Zoellner, secretary, John K. Burch Company, and a past president of the association, with the following as participants: James W. Carpenter, assistant vice president, Union Bank of Michigan; Merle C. Baker, attorney, Hilding & Baker; Mrs. Gloria Spencer, assistant credit manager, American Box Board Company; Mrs. Vonda Miklas, assistant credit manager, David L. Cavera & Son, and Roy M. Seeber, secretary-treasurer, Wheeler Van Label Company.

MEMPHIS, TENN.—Russell Van Horn, assistant general manager, J. Goldsmith & Sons Company, was guest speaker at a luncheon meeting of the Memphis Association of Credit Men.

NEW ORLEANS, LA.—"Economic and Financial Problems in Japan" was the topic of Dr. Harold J. Heck, professor of economics and business administration, Tulane University, at the New Orleans Credit Men's Association luncheon meeting.

PITTSBURGH, PA.—At a series of meetings The Credit Association of Western Pennsylvania heard George F. Taylor, partner, Taylor, Hurtt & Weisel, on "After Judgment—What?"; Dr. Arthur R. Upgren, dean, Tuck School of Business Administration, Dartmouth, and a member of the N.A.C.M. Graduate School faculty, on "What's Ahead in the World Today?" and Wilbur E. Wright, assistant secretary, Peoples First National Bank & Trust Co., on "Sound Business Financing." Five points of sound financing underlined by Mr. Wright were: (1) adequate equity support; (2) adequate working capital; (3) appropriate financing; (4) balanced capital structure; (5) hidden liabilities.

Other talks: "Planting for a New Crop of Credit Management Talent," talk by Robert O. Ferguson, principal, Methods Engineering Council; "Taxes Up to Date" by Michael D. Bachrach, partner Bachrach, Sanderbeck & Company; and "The Current Picture at the Retail Level" by Fred A. Egmore, treasurer and controller, Pittsburgh Mercantile Company, featured luncheon meetings of The Credit Association of Western Pennsylvania. A jointly sponsored meeting with the Sales Executives Club heard J. L. Wood, assistant treasurer, Johns-Manville Corporation, New York, and president of the Sales Executives Club of New York, discuss "Credit Batting for Sales."

WORCESTER, MASS.—"The Future of Business Taxation in Massachusetts" was the subject of Joseph P. Healey, of the Boston law firm of Hemenway & Barnes, before the Worcester County Association of Credit Men. Mr. Healey is executive director of the Massachusetts Special Commission on Taxation, which may recommend fundamental changes in the commonwealth's tax structure.

COMPETITION and free enterprise, community spirit and a revival of faith in city, state and country are prerequisites of healthy business in a strong nation, Harold G. Hoffman (seated left), former governor of New Jersey, told members of the Syracuse Association of Credit Men, of which Newton D. Bartle (top right) is executive secretary. Others in the picture are Ray Adams (right) of A. V. Wiggins Company, and Karl Lutz, personal friend of Mr. Hoffman.

ATLANTA, GA.—D. W. Brooks, general manager, The Cotton Producers' Association, and a member of President Eisenhower's National Agricultural Commission, who recently returned from abroad, addressed the Georgia Association of Credit Management.

NEW YORK, N.Y.—A panel forum on the handling of embarrassed and insolvent debtors, arranged by the New York Institute of Credit and The New York Credit & Financial Management Association, had as participants Samuel Duberstein, referee in bankruptcy for the eastern district of New York, whose topic was "What Happens in the Referee's Court"; Michael Feiring, attorney, "What are the Legal Rights of Creditors?"; and Mortimer J. Davis, executive vice president of the New York association, who discussed "Out-of-Court Arrangements, Settlements, etc." W. Randolph Montgomery was moderator.

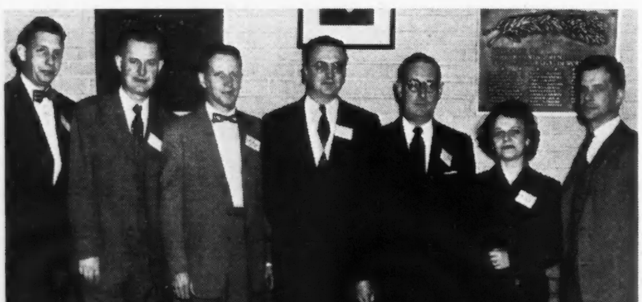
Mr. Davis also addressed the Credit & Financial Management Society of the Bernard M. Baruch school of business and public administration, The City College, New York,

(Concluded on following page)

on "The Credit Profession and Its Attitude toward Credit Education." Dean Thomas L. Norton of the college's school of business and Prof. Arthur E. Albrecht, chairman of the business administration department, gave the college's point of view. Students attending the luncheon are members of the cooperative credit training program of the college, which is under the supervision of Prof. H. Reinhart.

UTICA, N.Y.—"Strange Things Are Happening" in credit was the topic of discussion at the Central New York Association of Credit Men's regular meeting. With Bert David as moderator, the panel had as members: William Azer, Union-Fern, Inc.; John Dale, Dun & Bradstreet; Leslie Ebert, Fuller Supply Company; Francis St. Denis, Revere Copper & Brass Corporation, Rome division.

ST. LOUIS, MO.—"Taxes and Credits" was the subject of Gus V. Keller of the C.P.A. company bearing his name, before the St. Louis chapter, National Institute of Credit . . . A joint meeting of the St. Louis Association of Credit Men and the Sales Managers Bureau of the St. Louis Chamber of Commerce had as guest speakers Ross C. Shannon, special representative, Socony-Vacuum Oil Co. and J. A. McCracken, district credit manager, Westinghouse Electric Supply Co., who discussed from their viewpoints the topic, "How You Can Help Us."



ON A TOUR of the Behr-Manning Corporation plant are the officers of the Eastern New York Association of Credit Executives: (l to r) Morton R. Lilly, W. H. Smith Paper Corporation, association treasurer; Roy F. Myers, Mica Insulator Company, vice-president; Willis McCullough, Aluminum Company of America, councillor; A. Gordon Nelson, State Bank of Albany, president; Charles H. Seibert, Behr-Manning Corporation's representative; Miss Mabel Stanley, Albany Frosted Foods, Inc., secretary and A. Roland Will, the association's program and entertainment chairman.

YOUNGSTOWN, OHIO—Meril A. May, vice president, Dun & Bradstreet Inc., Cleveland, spoke before the Youngstown Association of Credit Men on "What We Have to Work With."

AMARILLO, TEXAS—Herman N. Sloss, attorney, spoke on "Legal Aspects of Collections" at the dinner meeting of the Wholesalers & Manufacturers Association.

SPRINGFIELD, MASS.—Attorney Arthur T. Wasserman spoke to the Western Massachusetts Association of Credit Men on "Secured and Unsecured Transactions."

LINCOLN, NEB.—"Agricultural Developments in 1954" was the theme of Dr. Everett Peterson, extension specialist in agricultural economics, University of Nebraska, addressing the Lincoln Association of Credit Men. Carroll Fredrickson, Korsmeyer Company, presided.

CINCINNATI, OHIO—A series of meetings of the Cincinnati Association of Credit Men heard Mrs. Lucy Killmer, treasurer and secretary, Guarantee Specialty Mfg. Co., Cleveland, and a member of the board, N.A.C.M.; Harold Jordan, credit manager, Alco Building Products Company, in a discussion of prospects for 1954; and A. M. Ottesen, American Credit Indemnity Company of New York, whose subject was "Protecting Working Capital."

KANSAS CITY, MO.—Dr. Earl J. McGrath, president, University of Kansas City, author-consultant, and former U. S. Commissioner of Education, addressed the Kansas City Wholesale Credit Association.

BOSTON, MASS.—A handwriting expert whose testimony has been used in handling forgery cases, and a bank panel, featured successive monthly meetings of the Boston chapter, National Institute of Credit. Miss Elizabeth McCarthy's topic was "The Science of Handwriting."

CLEVELAND, OHIO—The advantages of savings and loan associations were discussed by J. E. Linville, assistant to the executive vice president, Ohio Savings & Loan League, Columbus, at the bankers' night meeting of the North Central Ohio Division at Galion.

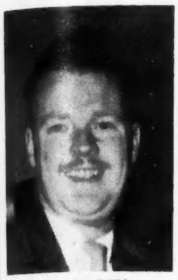
Among The Women's Groups

PHILADELPHIA—"Women's Place in the Business Economy" was the subject of a talk by Harry A. Cochran, treasurer, Temple University, and dean of the school of business and public administration, before the Philadelphia Credit Women's Club. At the following meeting a panel discussion "Analysis of Credit Problems" had as participants officers of the association and Edward R. Costello, credit manager, Edgcomb Steel Company, co-chairman of the membership committee. Stephen F. Sayer, assistant vice president, First National Bank of Philadelphia, and president of the Credit Men's Association of Eastern Pennsylvania, was moderator. . . . OMAHA—The Credit Women's Group of Omaha celebrated its tenth anniversary with a portrayal of progress in an interesting "This Is Your Life" presentation by Henrietta Lamb, first president of the group. . . . PORTLAND (ORE.) — The Credit Women's Group of the Portland Association of Credit Men was hostess to Seattle, Tacoma and Spokane credit women at a two-day Northwest conference. Miss Elma Hanson, Blake, Moffitt & Towne, Seattle, and president, National Credit Women's executive committee, and Mrs. Della D. Flynn, Arthur H. Bassett Agency, Tacoma, Northwest member of the National women's executive committee, were special guests, and a forum held after the Sunday morning breakfast had Mrs. Georgia Noble, of Blake, Moffitt & Towne, Portland, as moderator. Miss Elizabeth Moorman, B. P. John Furniture Corporation, was general chairwoman for the conference. . . .

ST. LOUIS—The Credit Women's Club of the St. Louis Association of Credit Men presented a panel discussion "What the Credit Department Expects of the Sales Department and vice versa," with P. J. Wilder, credit manager, Century Electric Company, as moderator. Participating were: (for sales) William Bryan, president, Witte Hardware Corporation, and Harold D. Duffy, sales manager, S. G. Adams Company; (for credits) William E. Gallagher, credit manager, Bussman Mfg. Company, and R. H. Groppe, credit manager, Arel, Inc. . . . SYRACUSE—The women's group of the Syracuse Association of Credit Men heard returned traveler Mrs. Helen B. Norem discuss "Personal Reflections on European Conditions." . . . SEATTLE—The Credit Women's Group celebrated its silver anniversary at a dinner meeting . . . CINCINNATI—The association's Credit Women's Group presented a toastmasters' program. Participating: Lamont Birdsall, food analyst, Kroger Co.; William M. Ulmschneider, treasurer, Oakley Pattern & Foundry Co.; James J. Bingham, commercial engineer, General Electric Co.; Richard W. Young, sales engineer, Combustion Engineering-Superheater, Inc., and Louis J. Wiegand, advertising manager, Cincinnati Lathe & Tool Co. John Homer Smith, sales manager, industrial division, Mutual Mfg. & Supply Co., was chairman.

Hal Tracey Edits Magazine of Canadian Credit Association

Hal Tracey has been named editor of "Credit" (formerly "Credit Men's Journal"), the official publication of The Canadian Credit Men's Trust Association Limited, at Toronto. Although only 30, Mr. Tracey has had versatile writing experience. He was for two and one-half years newspaper reporter and editor for the Moncton (New Brunswick) *Transcript,* for two years with the national Canadian weekly, *Saturday Night,* as assistant editor and feature story writer, and on the staff of "Presentation of Canada Limited," a public relations and editorial service. In addition to his affiliation with "Credit," Mr. Tracey edits two other publications.



H. TRACEY

A native of New Brunswick province, he attended the University of New Brunswick and Carleton College (Ottawa), receiving a bachelor of journalism degree from the latter. He served in the Royal Canadian Air Force in the last war.

Mr. Tracey succeeds Percy Chiswell, who retired after a long illness.

Cooperation Asked in Federal Survey of Wholesale Trade

A survey of wholesale trade covering the year 1953 is being made by the Business Division of the Bureau of the Census, Department of Commerce, at Washington. Three separate forms are being used. Generally, each participating company will receive only one form, except in instances where a company operates in more than one trade or kind of business.

The time schedule called for mailing the form to samplings of wholesale firms in early February. If all returns are in by mid-March, the published results should be available before the end of this fiscal year. Estimated totals for the country as a whole for 30 to 40 wholesale trades are to be published, with trend information by geographical divisions for a smaller number of trades.

Mr. Harvey Kailin, chief of the Business Division, asks that those members of the National Association of Credit Men who receive the blanks will cooperate in completion of the survey by returning the filled-in blanks promptly.

CALENDAR OF EVENTS IMPORTANT TO CREDIT

CHARLOTTE, NORTH CAROLINA
March 8-9
N.A.C.M. Secretary-Managers (Eastern Division) Conference

SPOKANE, WASHINGTON
March 18-19
Pacific Northwest Credit Conference covering Washington, Oregon, Idaho

DETROIT, MICHIGAN
April 14-15-16
Credit Research Foundation Workshop

SAN FRANCISCO, CALIFORNIA
May 13-14-15
N.A.C.M. Secretary-Managers (National) Conference

SAN FRANCISCO, CALIFORNIA
May 16-20
58th Annual Credit Conference and Convention, National Association of Credit Men

STANFORD, CALIFORNIA
July 4-17
Stanford University Session of the N.A.C.M. Graduate School of Credit and Financial Management

HANOVER, NEW HAMPSHIRE
August 1-14
Dartmouth College Session of the N.A.C.M. Graduate School of Credit and Financial Management

ST. PAUL, MINNESOTA
September 17-18
Annual North Central Credit Conference, covering Minnesota, North and South Dakota

ST. JOSEPH, MISSOURI
September 20-21-22
Quad-State Annual Credit Conference, comprising Missouri, Kansas, Oklahoma and Southern Illinois

SAN DIEGO, CALIFORNIA
September 27-28-29
Annual Pacific Southwest Credit Conference.

CHICAGO, ILLINOIS
October 13
Illinois Fall Regional Conference

SIOUX CITY, IOWA
October 13-14-15
Tri-State Credit Conference, comprising Iowa, Nebraska and South Dakota

PHILADELPHIA, PENNSYLVANIA
October 14-15-16
Tri-State Credit Conference, comprising New Jersey, New York, Eastern Pennsylvania, District of Columbia, Maryland and Virginia

NASHVILLE, TENNESSEE
October 20-21-22-23
Annual Southeastern Credit Conference, covering Tennessee, Mississippi, Alabama, Georgia, Florida, South Carolina and North Carolina.

SAN ANTONIO, TEXAS
October 21-22-23
Annual Southwest Credit Conference, covering Texas, Louisiana, Arkansas, Oklahoma, New Mexico and Arizona.

COLUMBUS, OHIO
October 29-30
Ohio Valley Regional Credit Conference, covering Ohio, Western Pennsylvania, West Virginia, Kentucky and Eastern Michigan.

Montana-Wyoming Association Names R. Jaramillo Secretary

Richard A. Jaramillo, appointed secretary-manager of the Montana-Wyoming Association of Credit Men, is a mountain state man, having been born and reared in Denver, Colorado. He is a graduate of the University of Denver. Followed two and one-half years in the Pacific with the 13th Air Force, then employment as accountant with Northwestern Auto Supply Company, Billings, Montana.

R. JARAMILLO

In 1951 he was made controller of the company. He left there to assume his present duties.

Mr. Jaramillo succeeds W. E. Hargraves.

MANAGEMENT IN THE NEWS

General Credit Manager Began Career in Personnel Service

GILBERT H. BUSH, now general credit manager of National Distillers Products Corporation, New York, N.Y., has been with the company 20 years. From the Great A & P Tea Company, where he was assistant appointment and personnel manager, Mr. Bush went to Butler Brothers, Jersey City, N.J., as assistant office manager. After a period as a department executive with Montgomery Ward & Company, Chicago, Mr. Bush became credit manager of Thomas J. Lipton, Inc. Following four years with the Lipton organization he joined National Distillers Products and had been assistant credit manager since 1951. Mr. Bush succeeds Lorne D. Duncan, retired.

Financial Vice President Was Accounting-Control Executive

JOHN EDWARD HEIDGEN is named financial vice president, American Seating Company, Grand Rapids, Mich., and continues as secretary and treasurer as well. As the principal financial officer, Mr. Heidgen will direct accounting activities, the handling of cash and securities, and the credit, collection and insurance programs. He joined American Seating in 1947 as secretary and treasurer, after a period as an independent financial, accounting and tax consultant. He previously was associated with Bucyrus-Erie Company, Firestone Tire & Rubber Company, and Basic Refractories, Inc., in accounting and control positions.

A certified public accountant, Mr. Heidgen is a past president of the Cleveland chapter, Controllers Institute of America, and a member of the national board. He attended the University of Wisconsin and Marquette University.

Advanced to Vice Presidents In Bank Foreign Department

LOUIS A. ALBARRACIN and LEO F. KELLEY have been advanced to vice presidents in the foreign department of the Chase National Bank of the City of New York.

Mr. Albarracin began his banking career with Equitable Trust Company in 1921, was made assistant manager of the Mexico agency in 1925, and manager of the Chase branch in Mexico following the Chase-Equitable merger of 1930. He returned to the Chase head office in 1936 and was appointed a second vice president in 1944. From 1942 to 1944 he was on leave as member of a Government mission to South America. A native of Chile, he was graduated from the University of Chile in 1918.

Mr. Kelley, with the Chase organization since 1930, was appointed assistant manager in the foreign department at the head office in 1940 and a second vice president in 1944. He is a native of Somerville, Mass., and attended the Bentley School of Accounting and Finance in Boston.

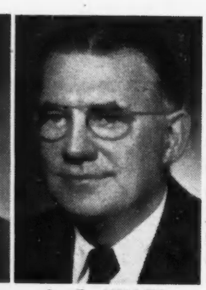

G. H. BUSH


L. V. HARNDEN


J. E. HEIDGEN


R. A. SCHELL


L. A. ALBARRACIN


L. F. KELLEY


E. W. KAHLE

Bank Messenger at Start, Now Trust Department Secretary

LEO V. HARNDEN, elected secretary of the trust department of Continental Illinois National Bank and Trust Company of Chicago, began as a bank messenger in 1915 following high school graduation. He received a degree from the University of Toledo in 1923 and was admitted to the bar in 1938.

Following employment as messenger with the Continental Trust and Savings Bank, Toledo, Mr. Harnden in 1916 went with Commercial Savings Bank & Trust Company, there became assistant trust officer in 1923, and trust officer in 1930. He started with the Continental Illinois National Bank as assistant property management clerk in the real estate division in 1934, became successively long-term lease clerk, legal clerk, and second vice president in 1951. He is a member of the American Bar Association, Chicago Law Institute, Illinois Bar Association, and Chicago Bar Association.

From Sales Accounting Duties To Post as Research Director

Appointed director of accounting research, RUSSELL A. SCHELL formerly was manager of sales accounting in the merchandising division, The National Supply Company, Pittsburgh. Mr. Schell joined National in 1942 as an accountant in the Pittsburgh office; was made controller of the Spang-Chalfant division plant at Ambridge, Pa., in 1943, and in 1946 became manager of sales accounting. Immediately prior to joining National he was auditor for the Pittsburgh distributorship of General Electric Company and earlier was in public accounting for Young & Company and served as controller for the Pennsylvania Department of Public Assistance. He attended the University of Pittsburgh.

Accounting Clerk, Then Auditor, Now Executive Vice President

E. W. KAHLE has been advanced to executive vice president of Heyl & Patterson, Inc., Pittsburgh, Pa., from treasurer. Mr. Kahle began his business career in 1931 as accounting clerk with Kerotest Manufacturing Company, Pittsburgh, meanwhile studying accounting and business law at the University of Pittsburgh and later at the Robert Morris School of Business. In 1939 he went to Superior Valve & Fittings Company, Pittsburgh, as auditor and was made assistant treasurer in 1942. He began with Heyl & Patterson in 1948 as assistant controller and was elected successively assistant treasurer (1949) and treasurer (1950).